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Endeavoring To Reduce the Budget Deficit
42100001a Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 1-5

[Editorial]

[Text] At present, our country's economy is experiencing serious inflation, a large budget deficit, soaring prices, a rapid devaluation of the dong, a decline in real wages and the living conditions of the working people, most importantly of manual workers, civil servants and the armed forces. Many difficulties are being encountered. Social fairness is lacking. Negative phenomena continue to develop. This situation is having a very adverse impact upon all production-business activities and upon the mood of society.

In the process of implementing the resolutions of the party on distribution and circulation, we have taken many strong measures and created positive factors in certain areas and at certain points in time. However, the overall socio-economic situation, instead of improving, continues to deteriorate, becoming more difficult and complex with each day that passes.

Since the start of 1986, mistakes in the full-scale adjustments made in the fields of prices, wages and money have adversely affected the national financial system, and adversely affected efforts to balance the state budget. Although the Political Bureau has dealt with this situation on many different occasions, the results have been limited. The salient feature of 1986 was sharp changes in prices, which had an impact upon every socio-economic activity and the standard of living, combined with lax management, which raised the 1986 budget deficit to 22.7 percent of total state budget expenditures. The 1987 state budget was approved by the National Assembly with a deficit equal to 10 percent of total budget expenditures. However, 4 months after this budget went into effect, the deficit exceeded the ceiling set by the National Assembly.

The main causes of the rapid rise in the budget deficit have been the facts that social production has increased slowly or not at all, the volume of goods being produced has been very small and prices have been high, all of which have led to a serious decline in state budget revenues from production. Specifically, efforts to supply materials, energy, transportation, foreign currency and so forth for production have encountered very many difficulties and failed to meet production requirements. The quantity of materials being supplied equals only 20 to 30 percent of the amount required under yearly plans and meets only about 50 percent of the needs of production for a period of 6 months. There are serious shortages of iron, steel, industrial chemicals and dyes. The supply of foreign currency has been very tight. In addition, foreign currency has been decentralized among the various sectors and localities and has not been tightly managed or used for the correct purposes.

The reorganization and restructuring of production and business and the restructuring of investments along rational lines for the purpose of implementing the three major economic programs have yet to yield clear results.

Efforts to balance "input" and "output" have been slow and have not been well coordinated. The revision of material consumption ceilings and labor quotas for the purpose of dealing with negative phenomena has not produced results. The state has also been slow to adjust the procurement prices paid for agricultural, forest and marine products, the wholesale prices of materials and so forth. As a result, some ministries and localities have had to adjust procurement prices on their own in order to provide raw materials for production, thus causing production prices and circulation costs to rise. This has caused the production costs of many products to be higher than industrial wholesale prices and caused enterprises to incur losses or to be unable to make contributions to the budget.

The difficulties described above have directly affected the implementation of the state plan. Many primary products of the economy, products which provide much revenue for the state budget, have failed to meet the plan, thereby causing a decline in revenues within the state-operated economy and an increase in the budget deficit. The failure to meet the obligation to help fund the budget, the fact that capital construction has far exceeded the limit allowed under the plan, the fact that grain subsidies have grown larger than projects and the facts that price subsidies, wages and allowances are being applied in a different way at each place and vary very widely caused the state budget deficit to be twice as high in the 1st quarter of 1987 as originally anticipated.

Therefore, the budget deficit has been the main cause of the cash deficit and soaring prices.

The budget deficit and the cash deficit have profoundly affected distribution and circulation within the economy. As stated in the Political Report at the Sixth Party Congress: "In the immediate future, effective measures must be taken to reduce inflation and the rate at which prices are increasing and lessen the difficulties being encountered by wage earners in their everyday lives. Only in this way is it possible to create the economic, social and psychological premises for accelerating the process of production..."

In the shift from the mechanism characterized by bureaucratic centralism and state subsidies to economic accounting and socialist business practices, finance plays an exceedingly important role as an economic lever and a management tool. Therefore, the Report on the Guidelines and Tasks of the 1986-1990 5-Year Plan at the party's Sixth Congress pointed out: "Endeavoring to reduce the deficit and eventually balance the budget is the task of foremost importance in financial work during the 5 years from 1986 to 1990. Besides the basic, routine

measures embodied in national financial policy, extraordinary measures must be taken for short periods of time to increase revenues, reduce expenditures and limit and eventually stop the issuing of currency for the purpose of funding budget expenditures."

In keeping with the resolution of the Sixth Congress, the Second Plenum of the Sixth Party Central Committee set forth specific policies and measures aimed at increasing revenues, cutting expenditures and bringing the state budget deficit under control.

The most important of these measures is to focus efforts on accelerating production and successfully implementing the 1987 state plan. To begin with, we must focus our efforts on implementing the three major economic programs in order to increase the social product and exports and help to reduce the imbalance between money and goods, and between supply and demand. On this basis, we must resolve the problem of prices, wages and money. It is necessary to reorganize and restructure production by economic-technical sector, combine the sector with the territory and create every possible favorable condition in terms of supplies, raw materials, energy, capital, prices and so forth in order to develop the production of the five segments of the economy.

In the immediate future, it is necessary to provide centralized, unified management of export-import activities and to increase the returns from these activities in order to earn the foreign currency needed to import materials for production, most importantly for the production of grain, food products, consumer goods and exports. Specifically, we must reorganize export-import activities along centralized lines, eliminate intermediaries, prohibit competition in procurement and sales, raise the prices of export goods, reexamine heavily subsidized products which do not lie within the scope of debts repaid in product form and increase the effectiveness of cooperation in the field of labor in order to create additional sources of foreign currency with which to support domestic production.

In conjunction with the measures mentioned above, attention must be given to resolving the problems of the wages and living conditions of wage earners in an appropriate and timely manner. At present, the living conditions of the wage earner are very difficult. This is posing a major obstacle to developing production and to distribution and circulation. Wages are not uniform nationwide. Every sector and locality takes a different approach. There is not full compliance with the principle of distribution in accordance with labor. There are very large disparities in wages among the various sectors and localities. Social fairness is lacking. Therefore, it is absolutely necessary that we resolve the wage problem. However, this must be done in a steady, gradual manner without causing a major budget deficit or large price changes. The most positive approach to take is to look for every way to focus efforts on accelerating production and creating more material wealth for society. The state

must take drastic and well coordinated measures to control the vast majority of the goods produced within the state-operated, collective and private segments of the economy. It must prohibit production units from selling products on the free market or retaining them for internal distribution. The wage problem must be solved gradually, solved in a well coordinated and nationwide manner on the basis of the rate of growth of production and the rate of increase in labor productivity. Attention must be given to the following: in all cases, the rate at which average wages rise may not exceed the rate of increase in social labor productivity. Here, special attention must be given to maintaining balance between money and goods and not using the issuing of currency as a way to raise wages. The state must soon promulgate standard wage rates that are consistent with financial-monetary capabilities and the current price situation in order to guide the various sectors and localities. One important measure is for the state to set aside investment capital and some materials in conjunction with adopting policies which encourage and help manual workers and civil servants to develop the household economy in production, contract work and the services.

While taking the measures described above, positive measures must also be taken to stabilize prices, expand the circulation of goods and create the conditions for production to develop. The law of the planned and balanced development of the national economy and the law of value must be applied to formulate sensible price policies for means of production, industrial goods, grain and agricultural products. Pricing principles must insure that basic production units and laborers cover their production costs and earn a satisfactory profit. A correct relationship must be re-established between the prices of industrial goods and the prices of agricultural products on the basis of strengthening the alliance of workers and farmers and encouraging the development of agriculture. It is necessary to provide stronger guidance of and closely manage the adjustment of prices and maintain price discipline. Sectors and localities must not be allowed to raise prices at will.

To insure that the circulation of goods is unimpeded nationwide, it is necessary to stop the practice of closing rivers to traffic and prohibiting markets from being held and necessary to only tax goods at their point of origin in the localities. As regards organizing, transforming and managing the market, district and subward administrations should be given the responsibility of working with the mass organizations to provide education, agitate and organize and guide activities, with the state-operated commercial sector playing the central role.

Strategic materials that are managed exclusively by the state, such as iron, steel, gasoline, oil, fertilizers, pesticides, cement and so forth, must be supplied in accordance with the plan and some must be sold to the people at business prices in order to generate additional budget revenues. As regards essential consumer goods, state commerce must control all wholesale sales and the vast

majority of retail sales through state stores, cooperatives and agents to insure that goods are distributed directly to consumers and combat the siphoning of goods to dishonest merchants on the outside, thereby eroding state budget revenue sources.

Supporting the socialist transformation movement well and helping cooperatives and production collectives to strengthen the new production relations are one of the most effective ways to stimulate the development of production, create many goods for society and, on this basis, create additional sources of revenues in order to reduce the budget deficit. One pressing requirement being faced is the need to quickly amend or revise tax policies and procedures to be consistent with the new situation.

Within the collective and private segments of the economy, taxes are a form of mandatory mobilization, one based on the political power of the state which has the effect of regulating income, and are a tool in transforming the non-socialist segments of the economy and guiding production and business. Collecting the various types of taxes correctly and in full is a requirement to which importance must be attached in order to increase budget revenues. However, each tax must meet four standards:

- From a financial standpoint, it must generate significant revenues.
- Socially, it must be fair and reasonable.
- Economically, it must have a positive impact, either encouraging or discouraging, depending upon the policy.
- Professionally, it must be simple and easy to administer.

Through the collection of taxes, finance agencies must delve deeply into production and business operations and bring to light shortcomings that must be corrected and positive factors that must be built upon. Through the collection of taxes, they must intensify their inspection of the activities of tax paying entities and stimulate production and socialist transformation.

It is incorrect to view the task of collecting financial revenues as running counter to the policies of the party and state and to only emphasize one aspect or another of this task. To give light attention to socialist capital formation is to give light attention to the need to build the material-technical bases of socialism. To see only the need to collect taxes, but not whether their impact upon production is good or poor is to take the approach of placing sole emphasis upon the collection of taxes, which is contrary to the view on socialist finance.

In conjunction with taking measures to stimulate the development of production in order to increase revenues, it is necessary to take well coordinated cost cutting measures in every area of production, capital construction and social consumption.

As regards the major expenditure items in the state budget, namely, expenditures on capital construction and the construction of the material-technical bases of socialism, investment plans must be reexamined in keeping with the spirit of the resolution of the Sixth Party Congress. Priority must be given to providing capital for those projects which directly support the three economic programs. Determined efforts must be made to prevent the decentralization of capital to insure that each project is fully completed on time at low costs and is of high quality. An attempt should be made to put projects into production or use immediately. The amount of time needed to reclaim capital must be reduced. Projects which will produce economic returns slowly (projects which require large amounts of capital that will take a long time to recover) should be suspended. The number of projects such as offices and public welfare projects which are not truly necessary, such as athletic fields, theaters, rest homes, clubs and so forth, should be reduced. The construction of ostentatious projects not in the plan must be prohibited as must the construction of projects that require scarce materials that must be imported in large quantities.

More must be done to apply scientific and technical advances in project designs in order to achieve high economic efficiency. The use of standard designs in capital construction must be planned. In keeping with the policy of the party and state, a 20 to 30 percent reduction must be made in construction-assembly capital and other capital used in capital construction. With the population growing rapidly and the standard of living still very low, improving the standard of living and raising consumption, in general, and social consumption, in particular, are one of the four pressing targets set in the resolution of the Second Plenum of the Sixth Party Central Committee. As regards state finances, as long as the economy remains underdeveloped, the volume of products being produced remains small, domestic revenue sources do not fully meet expenditure needs and we must strengthen our national defense forces and maintain combat readiness, it is very important that we make a comprehensive and systematic study of the social consumption policy in order to meet the most pressing needs at each point in time and within the scope of national income while practicing thorough economy in consumption and being determined to eliminate consumption which is not necessary or is not consistent with the capabilities of the economy or the national financial system at this time.

To thoroughly practice frugality in the field of administrative expenditures, it is necessary to reexamine budget revenue and expenditure accounts and take stronger measures to combat a shortfall in the collection of taxes and insure that expenditures are made for the correct purposes and are effective. We must implement expenditure contracts with units and wage fund contracts based on closely controlled staff levels. We must temporarily cease or place strict limits upon the procurement

of equipment and furniture at state management agencies and reduce the consumption of petroleum products and energy within the administrative sector and within administrative management components in production and business. The use of public funds for food and drink, for banquets or for gifts of any form must be prohibited.

In the current situation, unifying state financial management is an exceedingly important measure in reducing the budget deficit. Concerning this matter, the resolution of the Fifth Party Congress stated: "Financial management must be unified. Every revenue and expenditure account must comply with the policies and procedures of the state and be fully reflected in the budget. The establishment of illicit funds outside the budget and outside bank funds must be prohibited. In view of the state's limited financial resources, the major portion of these resources must be concentrated in the central budget. Localities must be allowed to take the initiative in balancing and managing the local budget but must submit full reports to the central level. The Council of Ministers must closely monitor expenditures by localities."

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Strongly Developing Small Industry and the Handicraft Trades
42100001b Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 6-9

[Article by Van Tung]

[Text] At present, there are 1.8 million small industry and handicraft workers nationwide, 1.4 million of whom are professional workers. Some 65 percent of this labor force works within collective organizations which range from a low to a high level of development, such as cooperatives, cooperative enterprises, cooperative production teams and a number of joint businesses in the provinces of the South. Private units and enterprises have more than 580,000 workers. In addition, there are hundreds of thousands of families of cadres, manual workers, civil servants and cooperative members who work in subsidiary household trades producing handicraft goods. The abovementioned small industry and handicraft force has contributed to the country a rather large amount in terms of the value of its output: in 1985, the value of small industry and handicraft output was 45.7 billion dong or 43 percent of the total value of the nation's industrial output. In 1986, the value of small industry and handicraft output reached 50 billion dong. Projections are for output to reach 55.6 billion dong in 1987 and 78-80 billion dong by 1990. Although the full potential for the production of exported small industry and handicraft goods has yet to be tapped, small industry and handicraft goods do account for roughly 20 percent of exports. Some 15 provinces and municipalities produce 1 billion dong or more worth of small industry and

handicraft products. They include Ho Chi Minh City with 16 billion dong, Hanoi with 2.6 billion dong, Quang Nam-Da Nang with 2.8 billion dong and Hau Giang with 2.6 billion dong.

A less than full appreciation of small industry and the handicraft trades and the backwardness of policies and the management mechanism characterized by bureaucratic centralism have thwarted efforts to develop potentials, have impeded the development of small industry and handicraft production and have made small industry and handicraft workers less than eager to produce.

On the other hand, also as a result of not correctly understanding the objective existence of the different segments of the economy throughout the period of transition to socialism in our country, the socialist transformation of small industry and the handicraft trades has been marked by impetuous thinking and incorrect approaches. Many places have pressured persons into joining cooperatives or cooperative teams and have sought to rapidly make the transition from low forms of organization to high forms, from cooperatives to state-operated enterprises or have invested in the construction of many local (district) state-operated enterprises that are poorly equipped and under-skilled, thereby causing a waste of capital of the state. At one time, we wanted to bring all small industry and handicraft trades into collectives. We were biased against and did not utilize the private economy.

The resolution of the Sixth Party Congress stated: "Every effort must be made to develop light industry, small industry and the handicraft trades in order to successfully meet the need for ordinary consumer goods and the need to process agricultural, forest and marine products and rapidly increase the output of export goods produced under contract and other export products."

We must look for every way to quickly tap the enormous capacity of small industry and handicraft production nationwide with a view toward accelerating the production of consumer goods suited to many different needs of society, particularly with a view toward not allowing the people to lack ordinary consumer goods.

On the basis of the view presented above, the resolution of the Second Plenum of the Sixth Party Central Committee requires that we "codify and concretize the policies concerning the private economy and the self-employed, capitalist economy in keeping with the spirit of the resolution of the Sixth Party Congress so that everyone invests in production and business with peace of mind."

In those sectors and trades permitted by the state to produce and do business, private small industry and handicraft trades will exist and function on a long-range basis. At that point in time when private producers realize that working collectively is more profitable than

working privately, they will voluntarily ask to join cooperatives without being pressured by the state. In those sectors and trades in which cooperatives are necessary in order to expand the scale of production and make technological improvements, the state must adopt policies which encourage private producers to join collective production through increasingly high forms of cooperative organizations based on the principles of voluntary association, mutual benefit and democratic management.

The state encourages private small industry and handicraft households to invest capital acquired on their own in production and business without placing any limits upon these investments. Their means of production, capital and other property are the private property of citizens protected by the state under the law. Private households may hire persons to work at their production plant, in their private home or to produce product parts under contract. These families and their children enjoy all the political and social rights of the citizen. The state encourages them to produce traditional products which require unique techniques and are of value as exports and produce new products which state-operated industry and cooperatives are unable to produce or cannot produce in quantities large enough to meet needs. It also encourages them to provide services of an industrial nature which support the everyday life of the people, such as tailoring, repairing shoes, watches, eyeglasses, fountain pens, televisions, refrigerators, radios, etc. The state permits private households to encourage relatives overseas to send them capital, raw materials and machinery in order to carry out production in accordance with the current policies of the state. The bank guides private households in opening savings accounts at the bank and can, when necessary, loan them capital for their operations. In particular, the state encourages and creates every condition for the development of traditional handicraft art trades. It utilizes and remunerates highly skilled artists in order to restore and develop long-standing sectors and trades of the nation.

As regards cadres, manual workers and civil servants of the state and cooperative members who organize a subsidiary trade within their households and practice this trade outside the hours they spend working at their agency or enterprise, the state permits them to sign contracts with agencies, with state-operated and collective economic units or to produce and market products on their own.

At present, the labor force is in need of a very large amount of work. However, the socialist segment of the economy is not yet able to absorb all social labor. Permitting small-scale commodity production forces to develop has mobilized capital from many different sources for production and provided jobs to workers. With the permission of the state, the private and self-employed small industry and handicraft segment of the economy will develop rapidly because the capital needed to invest in a basic production unit is not large and the

skills required are not highly developed and can be immediately provided by free labor in society. On the other hand, the state must take steps to intensify its inspection and control in order to prevent the emergence of their inherent negative aspects and capitalist spontaneity.

The existence of the private small industry and handicraft economy depends, on the one hand, upon the state-operated economy and, on the other hand, upon the market. In particular, the majority of the raw materials and supplies needed for production still must be obtained on the free market. Through taxes, the state can regulate production. Through business management, it can guide private producers in complying with the law. It can establish economic ties between the state and handicraftsmen by establishing federated enterprises or product groups in which there is a division of labor and cooperation in production between state-operated enterprises and basic small industry and handicraft production units, thereby turning these basic production units into satellites of state-operated enterprises. The state can use transitional economic forms, such as pooling business capital in order to utilize and develop the production potentials, the liquid capital and the skills of small industry and handicraft producers with the aims of developing the production of necessary consumer goods and gradually bring private small industry and handicraft trades into the sphere of socialism. These transitional economic forms are necessary and exist throughout the period of transition to socialism. The state must adopt policies which protect the "property" rights of small employers and private capitalists and recognizes their right to hire some labor and the difference between their income and the income of the persons who work for them.

To encourage the development of small industry and handicraft production in keeping with the spirit of the resolution of the Second Plenum of the Sixth Party Central Committee, it is necessary to restructure the management mechanism and successfully establish the independence of small industry and handicraft cooperatives in their production and business.

Small industry and handicraft cooperatives operate on the basis of the principle of being responsible for "profits and losses." The policy of the state toward cooperatives reflects a common view, a common line of thinking: they are equal and treated without discrimination. Both cooperatives and state-operated enterprises are basic economic units of the national economy.

To guarantee the independence of cooperatives in production and business, the conditions must be created for cooperatives to take the initiative in formulating their plans from the basic level upward through economic contracts signed with economic organizations, agencies, enterprises, the state and so forth with the aims of providing raw materials for production and marketing products. The raw materials needed by cooperatives for

production are directly sold to basic production units by supply organizations on the basis of product procurement contracts with marketing organizations. It is necessary to create the conditions for cooperatives to expand the scope of their trade, their procurements and sales nationwide without regard for administrative boundaries and without being restricted to their own locality. This must include giving cooperatives greater authority to directly seek overseas markets, to export goods through other organizations or to export goods directly, if the cooperative is able.

To create favorable conditions for cooperatives to operate in keeping with the spirit described above, the policies on procurements, prices, taxes, market management and so forth must be revised. The resolution of the Second Plenum of the Sixth Party Central Committee sets forth the following policies:

"Business organizations of the state are to sell materials to basic small industry and handicraft production units (collectives, families, private individuals and self-employed capitalists) at business prices (the prices at which these materials are sold to the state-operated sector), in general, and procure products at negotiated prices, mainly through economic contracts based on the principle of equality. The producer has the right to freely market products outside the contract in accordance with the policy of the state on the circulation of goods."

The scope of the commerce sector's subcontracting should be reduced and be used primarily for products which require scarce raw materials. Subcontracting prices must be negotiated and guarantee that the producer is able to pay for reasonable costs and earns a satisfactory income and profit. The use of pressure, authoritarianism and other negative phenomena in subcontracting must be eliminated.

Small industry and handicraft units are permitted to establish ties to buy materials from state-operated enterprises (materials which are not materials supplied by the state to the enterprise). Basic units which produce export goods have the authority to use some of the foreign currency they earn to import materials for production."

The policies restructuring the management mechanism and such policies as shifting from subcontracting to the sale of raw materials and the procurement of finished products, waiving taxes on new products and products we want to be exported, collecting stable yearly taxes based on the business revenues of cooperatives, improving prices for the various product sectors and for specific products, establishing a division of pricing responsibilities between the central and local levels in order to promptly adjust unreasonable prices and so forth are substantive changes. They represent a shift from economic relations characterized largely by inequality and authoritarianism to economic relations of true equality, of respect for the right of ownership of small industry and handicraft workers in their production and business.

On the basis of developing production and increasing their income and after fulfilling their tax obligation, cooperatives may distribute their income in accordance with the provisions of cooperative statutes. Cooperatives are allowed to constantly increase the funds of the collective, most importantly, the non-distributed funds (capital formation, welfare and social insurance); expand socialist collective ownership; and pay wages to cooperative members in various ways in accordance with the principle of distribution in accordance with labor and on the basis of improving and expanding the use of product contracts to production sections and individual workers. Small industry and handicraft workers enjoy the same socio-economic rights as state workers.

The state will do everything it can to help cooperatives upgrade their technical equipment by selling them domestic and imported machines and spare parts, allowing cooperatives to directly purchase machinery overseas or receive machinery from relatives overseas and helping cooperatives obtain investment capital through bank credit. Through its price and tax policies, the state will help cooperatives form capital in order to carry out expanded reproduction, upgrade their technical equipment and gradually achieve modernization. Each year, the state will adopt a plan for investing in the research of scientific and technical projects to be directly applied within the small industry and handicraft production sector.

To improve cooperative economic management and implement the right of ownership of cooperatives in production and business, the Association of Interbranch Small Industry and Handicraft Cooperatives must focus the attention of each basic production unit on developing production, improving their product quality and earning a profit. At the same time, attention must be given to strengthening and improving socialist production relations and struggling to overcome negative activities, which damage the role played by the socialist economy.

Of paramount importance in the improvement of the management mechanism of the small industry and handicraft economy is the need to define the role, function and tasks of the Association of Interbranch Small Industry and Handicraft Cooperatives organizations. The association is the agency which directly manages cooperatives, not only from the standpoint of domestic activities, but also international relations. It has the ability to expand economic-technical cooperative relations with cooperative organizations of the socialist countries and countries outside the socialist system as a socio-economic organization. Therefore, it is necessary to strengthen and build this organization so that it is strong enough and has the authority needed to help citizens and the state manage this especially important production sector.

Some Thoughts on Guaranteeing the Production and Business Independence of Basic Economic Units

42100001c Hanoi TAP CHI CONG SAN in Vietnamese No 8, Aug 87 pp 10-14

[Article by Vu Huy Tu]

[Text] The resolution of the Sixth Party Congress pointed out: "We must revamp the economic management mechanism... Determined efforts must be made to dismantle the mechanism based on bureaucratic centralism and state subsidies, establish and form, in a well coordinated manner, a planning mechanism which is based on accounting and socialist business practices and complies with the principle of democratic centralism... We must combat bureaucratic centralism while also combating liberalism, the lack of organization, localism and departmentalism. The independence of basic economic units in production and business, their financial independence and the right of ownership of worker collectives must be guaranteed." (Footnote 1) (TAP CHI CONG SAN No 1, 1987, pp 120-124)

On the basis of the fundamental guidelines presented above and the realities of the production and business of basic economic units, we would like to boldly present a few thoughts with the aim of helping to further clarify the basic contents of Political Bureau Resolution 306 (draft) on guaranteeing the independence of basic economic units in production and business.

1. Planning.

Formulating and implementing a unified plan at basic units are entirely correct and necessary. However, in a situation in which the state is unable to provide a full, timely and well coordinated supply of materials to enterprises, the planning mechanism must be very dynamic in order to insure strict compliance with legally binding plan norms and tap the initiative of the enterprise with regard to creating additional sources of materials, making the highest possible use of machine and equipment capacity, labor and land, producing many more products for society, increasing the contributions made to the state budget and increasing the enterprise's income. In this spirit, the unified plan of the enterprise consists of the tasks of the legally binding plan on the production and marketing of those products for which the state must provide the primary materials and the tasks of the plan on the production and marketing of products produced from materials obtained by the enterprise on its own (including subsidiary products produced from secondary materials). The enterprise itself decides to produce and market these types of products on the basis of surveying market needs, entering into joint businesses and economic ties to open new sources of materials (including imported materials) and reorganizing its labor force in order to provide work for manual workers and civil servants. To produce new products outside the task for which it was designed, the enterprise

must register with the authorized agency. The enterprise is allowed to include in its production costs ("input") all costs of producing at the actual prices paid for materials (import costs in the case of imported materials) and is allowed to set the prices at which it markets its products either in accordance with the price scale of the state or through negotiations with the party to whom its products are to be marketed.

The enterprise has the responsibility of defending the entirety of its proposed plan. The management agency on the level directly above the enterprise only approves and assigns to the enterprise the legally binding norms. At the same time, it provides guidance and offers its opinions concerning the enterprise's full plan.

With the aim of making full use of existing production capacity (particularly in the case of central enterprises), enterprises have the authority to expand their economic ties with localities and other economic units (including state-operated units, collectives, families, private individuals and self-employed persons) by participating in investments of capital and technology and cooperating in production with a view toward opening new sources of materials, subcontracting the processing of materials, marketing products (which includes exports and imports) and so forth in accordance with general policies of the state and economic contracts. However, every activity conducted as part of these economic ties must also be reflected in the enterprise's unified plan and settlement of accounts.

Another important matter within the current planning mechanism is the establishment of the legally binding norms assigned to the enterprise.

The realities of the past several years show that the ability of the state to supply materials to enterprises is limited. In addition, the prices of materials and goods are constantly changing. This situation might persist for a number of years to come. Therefore, we propose that, on the basis of the product line of the enterprise and the material supply capabilities of the state, only the following one or two legally binding norms be assigned to enterprises:

- a. A legally binding norm on the output of primary products to be produced, stating the types, specifications and quality of these products and stipulating how much must be marketed in accordance with the plan and contracts (including how much should be allocated for national defense and exportation, if any).
- b. A legally binding norm on budget payment accounts (which consists of the "production and business related payments obligation" and other payment accounts).

For many years, the evaluation of the completion of plans has not only failed to correctly and comprehensively reflect the results of the enterprise's production and business, but have also had the negative impact of

causing enterprises to "bargain" with the upper level in an effort to receive a low plan, conceal their capabilities and potentials and secure a "position" that would enable them to meet and exceed plan quotas. This situation has led to poor results, even to results lower than those achieved during the preceding year. However, if the enterprise is evaluated from the standpoint of the percentage of its plan completed this year, it is recognized as having recorded an "achievement" and receives a large bonus. In recent years, it has been a widespread practice for enterprises to look for ways to produce additional products from materials obtained on their own (these products account for 20 to 40 percent of the total value of products produced and as much as 100 percent at enterprises that have been allowed to "float"). Thus, the legally binding norm on production and marketing generally does not encompass all the products produced by the enterprise. With the aims of encouraging the enterprise to make full use of each of its potentials and formulate high plan norms and in order to correctly and completely evaluate the results of the enterprise's production and business, we maintain that it is necessary to replace the way that the completion of plans is evaluated with "procedures for evaluating the results of the production and business of an enterprise." These procedures should include: procedures for evaluating the results of the implementation of legally binding norms compared to the assigned plan and procedures for evaluating the overall results of the enterprise from the standpoint of the percentage of important norms actually achieved compared to the enterprise's rated capacity and its actual level of production during the preceding year. The norms used to make this evaluation can be: the output of primary products by type, specifications and quality; the value of output realized; profits, capital formation and payments to the budget; labor productivity, etc.

On the basis of the results of this evaluation, emulation achievements must be determined and appropriate forms and methods of material and psychological incentives must be applied to the enterprise.

2. Material supply and product marketing (which includes exports and imports).

One reality of the times is that the state is usually unable to provide a timely, full and well coordinated supply of materials to enterprises. In the face of this situation and with a view toward helping enterprises take greater initiative obtaining materials for production together with expanding the activities conducted within economic ties in accordance with general regulations, it is necessary to permit enterprises to exchange among themselves materials supplied by the state but not supplied on time or are not matched from the standpoint of their quantity, types and specifications. However, this exchange must be designed to meet the requirements of production, most importantly to insure that the legally binding norms on the production and marketing of primary products are met. In addition, this exchange

must be carried out at the material prices stipulated by the state. Payment of the necessary additional storage and transportation costs must be discussed by the various sides. Enterprises should also have the authority to trade at price parity with other economic units materials they produce or import themselves (or do not need) in order to quickly turn over their capital or buy other types of materials needed immediately for production.

Enterprises must give priority to selling products produced with materials obtained on their own to state-operated commerce and at prices within the price scale of the state or at negotiated prices. If the commercial organizations of the state are unable to market these products, the enterprise has the authority to market them on its own but may not sell them to private merchants. The enterprise may set aside a portion of these products to trade for materials for production in accordance with the principle of trade at price parity. However, it must do this on the basis of its unified plan and settlement of accounts and must also report this trade to the management agency on the level directly above it.

To encourage enterprises to accelerate the implementation of the exports program, most importantly to give priority to exporting goods of sector I, the state must adjust exchange rates and export-import tax rates. The establishment of exchange rates must be based on the social cost needed to produce export goods and the prices of the import goods marketed domestically with consideration given to price changes on the world market and the relationship between Vietnamese currency and the ruble and a number of capitalist currencies that are in wide circulation on the international market.

3. The financial independence of the enterprise is a basic part of its independence in production and business.

In addition to the stipulations set forth in Resolution 306 (draft), we would like to make a number of proposals related to making full use of and expanding the enterprise's forces of capital. To begin with, in order to free up production capacity and make full use of existing equipment capacity, the enterprise must have the authority to rent or contract out to economic organizations (state-operated organizations, collectives, families, private individuals and self-employed persons) fixed assets that are rarely used or not used at all and the authority to use these fixed assets to provide services to these organizations. Rental, contract or service revenues should be put into the enterprise's production development incentive fund. The state also must adopt specific policies that make it possible for enterprises (particularly federations of enterprises and large enterprises) to expand their cooperation, economic ties and joint businesses with economic organizations (overseas Vietnamese) in foreign countries in order to acquire capital, materials, technology and production and business experience with

the aims of developing production, finding jobs, increasing their exports and earning additional foreign currency with which to support expanded reproduction.

Another important matter is that the state must soon promulgate a new financial policy concerning enterprises. The basic feature of this policy should be the use of various forms of taxes in place of collecting state-operated revenues. Temporarily, the "production and business related payments obligation" (a main part of the legally binding norm of the "budget payment accounts" described in the section on planning) should remain in effect. This payment obligation is a compulsory payment calculated as a percentage (

), which remains stable for 4 to 5 years, of the gross business revenues, a rate set by the state for each type important product and for each group of enterprises or each production and business sector. The gross business revenues of the enterprise include the revenue from the products governed by legally binding norms and the revenues from products produced from materials obtained by the enterprise itself and are calculated at retail commerce prices (or material wholesale prices) minus the commerce discount (or minus the material circulation discount). In the case of products which are still being subsidized under policies, gross revenues are calculated on the basis of enterprise wholesale prices.

In addition, because the level of equipment and fixed assets within enterprises (including enterprises in the same sector) varies very widely and in order to provide incentive for enterprises to effectively manage and utilize fixed assets, it is necessary to immediately enact a tax on fixed capital (as a percentage of the value of the enterprise's fixed assets).

Under this new financial policy, the profits of the enterprise will be the difference between gross revenues and production and business related budget payment obligations, taxes and production and business costs. After paying penalties (if any) and paying a certain percentage of enterprise profits to the management agency on the upper level and to the local (provincial, municipal) budget, all remaining profits are deposited in the enterprise's funds. The production development incentive fund is funded at a common rate (with no maximum limit). The balance of profits is deposited in the bonus fund and the welfare fund is allocated by the enterprise. The state regulates these two funds through withdrawals at a progressively higher rate when they exceed a certain level compared to the actual amount of wage fund used.

As regards the mode of price management, on the basis of the product list and the division of price management responsibilities by the state, management must be provided in accordance with the following principles:

—The central level sets the prices of essential products; establishes the price scale (maximum, minimum prices) for important products; and establishes exchange rates, internal payment rates by export and import group and the relationships among rates.

—On the basis of the prices and exchange rate relationships of the central level, the sectors and other levels set specific prices for important products and services, for products that have an impact within the sector and locality.

—Basic production and business units set the prices of those products and services whose prices are not set by the upper level.

4. Labor and wages.

The contract labor policy now in effect at some enterprises, although incorrect from the standpoint of its contents and nature, does have many strongpoints. The state must promulgate uniform regulations on hiring, the contents and duration of responsibility contracts, the obligations and rights of the worker, the responsibilities and authority of the enterprise director, etc.

With the aim of strongly developing the impact of wages as an economic lever in production and business, most immediately in the restructuring of the management apparatus and the streamlining of indirect staffs, it is necessary to implement a total wage fund as a percentage of enterprise gross revenues contract. The state should set a standard percentage for each group of enterprises or for the enterprises within each production and business sector. At the same time, it should set maximum and minimum limits on the monthly wages paid to each person within each sector and trade and each person who has a special type of job.

On the basis of the percentage at which the wage contract is set and the gross revenues received under the plan, the enterprise can take full initiative in organizing and utilizing its labor force and apply various forms of wages and bonuses based on the principle of distribution in accordance with labor.

The state should enact a progressive tax to regulate the incomes of persons who receive more than the maximum wage and provide temporary allowances to persons who receive less than the minimum wage because they are ill or because of some objective reasons that has a major impact upon the production and business of the enterprise.

The wage mechanism described above will have the effect of insuring that wages are closely tied to the results of the enterprise's production and business. At the same time, it will bring nominal wages more closely in line with price changes on the market. On this basis, the real wages of manual workers and civil servants can be maintained in the face of current price instability.

5. Codifying the mechanism "the party leads, the working people exercise collective ownership, the state manages" in economic management at basic units.

With the aim of insuring that the restructuring of management and production and business operations are truly effective, the mechanism mentioned above must be codified and fully implemented as follows:

—The party organizations at basic units must keep abreast of and insure that each operation at basic units complies with the lines and policies of the state. They must correctly fulfill their inspection function and concern themselves with teaching politics and ideology to the masses, with educating and forging party members.

—The right of collective ownership of the working people must be upheld. Through the enterprise council, the trade union organization and the other mass organizations within the enterprise, the collective of manual workers and civil servants has the right to participate in the formulation and adoption of the production and business plans of the unit before the enterprise director presents them to the management agency on the upper level for examination and approval; the right to decide the measures to be taken to promote the socialist labor emulation movement and join with the director in reviewing the emulation movement; the right to decide which measures should be taken to expand cultural development and social welfare and organize the collective life of the unit; and the right to inspect each activity of the administration. The state must promulgate new regulations concerning the enterprise council, regulations which increase the authority and responsibility of this organization. As the highest representative of the collective of workers between two conferences of enterprise manual workers and civil servants, the enterprise council, together with the enterprise director has the responsibility of insuring the implementation of the resolutions of conferences of manual workers and civil servants on each production and business activity within the enterprise, holding elections and suggesting that the upper level appoint (or remove from office) a person as enterprise director and arranging for manual workers and civil servants to inspect and supervise the activities of the director.

—Insuring the implementation of the one-person-in-charge system within the enterprise on the basis of the principle of "collective leadership, personal accountability."

To build upon the results of the pilot project in "appointing the director on the basis of an election," it is necessary to widely apply this system under uniform regulations at enterprises. On this basis, we must implement standards and establish terms of office for the cadres in charge of the different functions and units within the enterprise.

Lam Dong on the Path of Change

42100001d Hanoi *TAP CHI CONG SAN* in Vietnamese
No 8, Aug 87 pp 15-18

[Article by Nguyen Trung Tin, secretary of the Lam Dong Provincial Party Committee]

[Text] Lam Dong has diverse potentials and many strengths. During the past 12 years, the party organization and the people of the various ethnic groups in Lam Dong have continuously struggled to overcome many very stern and complex challenges and have recorded important political, economic, cultural and social achievements as well as important achievements in the fields of security and national defense. Lam Dong has little land under the cultivation of grain and has, in addition, welcomed more than 130,000 persons to build new economic zones. However, between 1976 and 1986, grain output per capita nearly doubled; the output of beans increased nearly eightfold; the amount of area under the cultivation of coffee increased more than five times, mulberries three times and sugarcane more than six times; and the size of the cattle herd increased 2.5 times, the buffalo herd more than two times and the cattle herd more than three times. More grain and agricultural products have been mobilized with each passing year. The value of exports has risen from nothing to 18 rubles-dollars per capita per year today. All subwards and villages have a school and basic public health unit, including those in the new economic zones. The activities of the FULRO reactionaries have virtually been brought to a stop. Political security and social order and safety have been firmly maintained.

The achievements mentioned above have mainly been due to the fact that Lam Dong established, on the basis of its natural and socio-economic features, increasingly correct production guidelines and an increasingly correct economic structure for the locality, an agro-forestry-industrial and tourism, vacation resort structure. Then, it set forth economic policies and established suitable production and management organizations in order to implement these production guidelines. In particular, within agriculture and the forest industry, we promptly shifted away from producing grain as our main guideline to strongly expanding and developing the production of perennial industrial crops within the state-operated, collective and household sectors and promulgated policies on the use of land and investments in the development of the garden economy, policies which are closely tied to the settlement of nomads within ethnic minority areas, the planting and protection of the forests, the prevention and control of forest fires and the harvesting of forest products. In the establishment of socialist production relations in both ethnic areas and the new economic zones, we replaced cooperatives with production solidarity teams. At the same time, we have been making every effort to strengthen the key grain and industrial crop growing cooperatives and correctly implement the contract mechanism in conjunction with making investments in the intensive development of agriculture and

strengthening the ties among state-operated units, collectives and households while encouraging the private and self-employed segments of the economy to produce very many products for society.

The achievements we have recorded have strengthened both the position and the forces of Lam Dong and created new factors which lay the foundation for subsequent stages of development.

However, these achievements have not been commensurate with the enormous potentials of Lam Dong.

Having studied the new views and thinking expressed in the resolution of the Sixth National Congress of the Party and the resolution of the Second Plenum of the Sixth Party Central Committee, we continue to maintain that the policies and measures which have been implemented are correct. At the same time, we have been adjusting and amending production guidelines, the structure of the economy, the structure of investments and the policy on transformation in order to develop Lam Dong's production in a truly correct manner that is consistent with the new views and thinking of the party with the aim of developing Lam Dong's potentials and strengths as much as possible.

We are continuing to gradually build a rational economic structure, one which closely combines agriculture, forestry and industry at the very outset and at each basic unit.

Every effort is being made to develop a diversified agriculture, including promoting livestock production and gradually developing the dairy cattle herd. The greatest possible efforts are being made to meet grain and food needs locally. At the same time, we are strongly developing the production of industrial crops (perennial crops, such as coffee, tea and mulberries, as well as annual crops, such as beans and sugarcane) and the forest industry with a view toward producing a large volume of exports of high value and providing the raw materials needed to expand the processing industry and consumer goods production. These are economic guidelines of strategic importance to the province.

On the basis of correctly defining which areas of the province are of key importance and which sectors of the economy are leading sectors, we have not only made thorough existing farmland irrigation systems, made full use of wet rice fields, applied scientific-technical advances in a well coordinated manner, invested in intensive cultivation, raised the coefficient of cropland use to 1.7 and so forth, but have also concentrated on investing capital, materials and labor in the construction of new water conservancy and hydroelectric power projects in key rice, corn and industrial crop growing areas, in the infrastructure and services with the aim of giving new impetus to the production of grain, food products, coffee, tea, mulberries, soybeans, sugarcane and so forth.

The collective economic units within each area of the province must have an appropriate size and form of organization. We have been encouraging cooperatives and production collectives to reorganize their production, redistribute their labor, develop the sectors and trades, turn to diversified production and business and gradually turn away from monoculture and subsistence production in grain growing areas. By strengthening the system of collective ownership and improving management and distribution in coordination with gradually strengthening the material-technical base of cooperatives, we are determined to correct the practice of using "non-specific" contracts in agriculture and accelerate and expand the parcelling of land and forests to households and collectives for use in production and business with a view toward fully developing forestry resources within the province's common economic structure.

In conjunction with the policy on giving priority to distributing uncleared land to households, state-operated units, collectives and the families of cooperative members, the members of collectives, manual workers and civil servants to use, we maintain that all persons who have capital, a skill and technology should build and develop basic small industry and handicraft units producing consumer goods with the aim of providing many products for society. In the new economic zones and ethnic minority areas, the primary forms of transformation are solidarity teams and production collectives. Here, the land distribution policy is somewhat more generous and the matter of collectivizing the means of production also has not been raised, the purpose being to encourage everyone to bring buffalo, cattle, farm implements and machinery into these areas in order to rapidly develop production forces. With the aim of encouraging farmers to produce grain in a number of mountain provinces where many difficulties are being encountered, we must adopt policies which enable them, under normal production conditions, to cover production costs and earn a profit as stipulated in the resolution of the Second Plenum of the Sixth Party Central Committee (45 percent of the cost of producing paddy).

In order for agriculture to truly be the front of foremost importance and the starting point of development, the various levels, sectors and units must combine their forces and support agriculture in a concerted, well-coordinated manner. We have closely tied the welcoming of citizens to build new economic zones to redistributing the local population and redistributing and making full use of labor in order to open new grain producing areas and expand the small industry and handicraft trades, the forest industry, the coffee grove sector, the VRC system (truck farming, forestry and livestock production) in highland areas and the VAC (truck farming, pisciculture and livestock production) system at places that have effective irrigation and drainage.

The new strides that have been made in the garden economy, especially with regard to coffee, in recent years, have not only resulted in a large output of products and commodities of high economic value, but have

also provided us with lessons of profound practical and theoretical significance. To tap social production capacity, the first step, a step which can be taken immediately in Lam Dong, is to encourage the development of the household garden economy. Soon, we will review and refine the "garden economy" policy and establish a "garden economy association" with a view toward stimulating the development of agricultural potentials, stimulating the development of agricultural strengths in depth.

In keeping with the resolution of the Second Plenum of the Sixth Party Central Committee on distribution-circulation and shifting economic activities to accounting and socialist business practices in the face of a socio-economic situation that is undergoing very complex changes, we are applying all three types of measures (economic, educational and administrative-organizational, the basic ones being economic) in a well coordinated manner with the immediate aims of liberating production capacity, raising labor productivity and gradually improving the living conditions of wage earners. At a number of the province's basic state-operated economic units which have been selected to participate in a pilot project, we have been temporarily correctly including all relatively reasonable "input" costs in production costs, closely tying all aspects of production and management together and insuring that "output" does not cause sudden price changes on the market. As a result, we have begun to bring about changes in enterprises, begun to motivate manual workers and civil servants and begun to find a way to resolve the problems being experienced in production. We will continue to conduct surveys and widely guide basic state-operated units and collectives in small industry and the handicraft trades in applying these new experiences, in correctly calculating all "input" costs in accordance with established parameters to insure that production and business are profitable and that the three interests (the interests of the state, the collective and the laborer) are well balanced. Another of our immediate tasks is to build strong economic ties between the economic-technical sectors of the central and provincial levels and the districts, municipalities, the basic units in agriculture-forestry-industry, the state-operated economy, the collective economy, the household economy and the other segments of the economy so that they are closely connected within a unified economic structure in which the state-operated economy moves forward and assumes the dominant role.

Making full use of the capacity of basic state-operated industrial units, especially in the processing industry, small industry and the handicraft trades, is very necessary in improving the quality and raising the value of agricultural and forest products and meeting on our own the majority of our needs for hand tools, improved tools, building materials and consumer goods (plywood, paper, paper pulp, cloth, pottery and glassware, woven rattan and bamboo products, furniture, medicine, metal products, handicraft art products and so forth). As regards small industry and the handicraft trades, it is necessary

to concretize the policies of the central level concerning prices, taxes, contracts, credit and the circulation of materials and goods in order to attract to this sector the majority of the unemployed labor in the municipality, towns and so forth. Each socio-economic policy concerning this sector must be reexamined. It is also necessary to abandon all prejudices and cancel all regulations that are discriminatory and unreasonable in order to provide strong incentive to each labor force, to each segment of the economy, particularly in Da Lat and the cities.

Cooperation in production with the Soviet Union provides us with very favorable conditions for implementing the strategic guideline of developing the three crops of coffee, tea and mulberries. We are actively making all the preparations needed to put this program into effect, we are determined to make the targets set forth in the resolution of the provincial party organization congress reality.

Exports-imports are a strategic, leading economic sector of the province which must quickly be strengthened and improved in the direction of making unified investments in production and business management with the aims of creating large and stable sources of such export products as coffee, tea, raw silk, soybeans, wood, pine pitch, pharmaceuticals, embroidered and woven goods produced under contract and so forth in order to meet some of our need for materials for production and construction.

Tourism is a strength of the locality. It is currently being reorganized and restructured. We are intensifying the business operations of the sector, establishing a reasonable division of labor among the province, the municipality of Da Lat and the basic units and establishing ties among the state-operated, collective and household segments in order to develop the network of tourist services.

Also truly pressing is the need to build and strengthen the state-operated commerce system, marketing cooperatives, credit cooperatives, the finance system, the bank and the supply system in accordance with the new views and mode of business in order to reduce circulation costs, insure that business activities are flexible, help to stimulate the development of production, gain control over goods and money, control the market, balance revenues and expenditures and gradually stabilize the standard of living.

It is also necessary to adopt policies which provide incentive for scientific-technical forces to focus their efforts on supporting the three major economic programs: grain-food products, consumer goods and export goods; beginning with supporting intensive cultivation, the establishment of high yield fields and areas specializing in the production of perennial industrial crops and the organizing of the processing of agricultural and forest products and the pest prevention and control services system.

Cultural activities, education, public health and physical culture-sports in Lam Dong must be developed more strongly. Here, importance must be attached to quality and efficiency and socio-economic tasks must be given increasing support in these fields. It is in this way that we must build the new culture and mold the new man.

Achieving the socio-economic targets set at the Fourth Congress of the Provincial Party Organization and in the resolution of the Sixth Party Congress and the resolution of the Second Plenum of the Sixth Party Central Committee entails a process of very difficult and complex struggle. Imbued with the lesson that we "make the people the base," we must vigorously uphold the right of collective ownership of the working people and implement the guideline "the people know, the people discuss, the people act, the people inspect." At the same time, we must increase the management effectiveness of the state apparatus, build a solid and strong party, "purify" and increase the fighting strength of party organizations and the state apparatus and make social relations wholesome. The key factors of decisive significance in the immediate future are to restructure the corps of cadres in a way closely tied to strengthening the apparatus at all party, administration and mass organization agencies on all levels and at all basic units; provide more young, competent cadres who possess good personal qualities to units directly engaged in production and business; and streamline indirect, administrative staffs to insure that the apparatus is highly efficient, dynamic and effective.

We are determined to adopt new thinking, adopt a new style of work and adopt a new approach to organizational and cadre work with a view toward meeting the targets that have been set and joining with the rest of the party, people and armed forces in successfully implementing the resolution of the Sixth Party Congress and the resolution of the Second Plenum of the Sixth Party Central Committee, thereby laying a solid foundation for more rapid and stronger progress in the years ahead.

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Restructuring the District Economy
42100001e Hanoi TAP CHI CONG SAN in Vietnamese
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[Article by Ngo Thanh Tra]

[Text] Dien Chau District in Nghe Tinh Province has more than 30,000 hectares of land. It has 14,000 hectares of farmland, 10,000 hectares of land in hills, 600 hectares of salt fields and 300 hectares under the cultivation of rushes. The district also has a 25 kilometer coastline. However, for many years, agricultural production in Dien Chau, mainly the production of grain, only ranged between 38,000 and 43,000 tons per year. Small industry and the handicraft trades were underdeveloped, accounting for only 5 to 9 percent of the district's gross income. Exports were insignificant. The output of the fishing and salt industries was low and failed to meet obligations to

the state. Because the level of production was low, the people and cadres of the district encountered difficulties in their everyday lives, social order was unstable, etc.

What has Dien Chau done to bring about marked changes in the district's socio-economic situation and achieve practical economic returns in recent years?

I. Changing the Structure of Agricultural Production

As a coastal, lowland district of Nghe Tinh, a district which has a diversified economy, Dien Chau is capable of developing the field economy, the hillside economy and the sea economy. As a densely populated district with 14 persons for every 1 hectare of farmland, Dien Chau views intensive cultivation as the most effective way for it to lay the base needed to gradually change and eventually improve the structure of the district's economy.

Effective intensive cultivation, of course, requires that many well coordinated measures be taken. In Dien Chau's case, reorganizing the structure of the growing seasons, reorganizing the allocation of crops and changing the quality of seed used were the first breakthroughs made with a view toward changing backward farming habits and breaking the long-standing cycle of monoculture.

Dien Chau has 4,000 hectares of low-lying land, that is, land which lies below sea level. During the rainy season, floodwaters from the districts of Yen Thanh, Do Luong and the high mountain valleys inundate the district's fields. During the dry season, salt water from the sea intrudes into the river basins, causing some 2,500 hectares of cropland to be polluted with sulfates and salt. To avoid the threat of flooding during the rainy season and the threat of acidity and salt during the dry season, Dien Chau had to reorganize the structure of the growing seasons during the year. In the low-lying area, the district shifted from raising one or two unstable rice crops to two stable rice crops and one winter crop: a winter-spring and a summer-fall rice crop and a winter crop of duckweed or trellis corn. In the area of established rice fields, the district shifted from two crops to three main crops: a winter-spring and summer-fall rice crop and a winter crop of sweet potatoes interplanted with corn or interplanted with vegetables. In its subsidiary food crop growing area, the district has abandoned its 10th-month rice crop, which was sown on dry land using old varieties which produced low, unstable yields, and shifted to a winter-spring crop of peanuts, a summer-fall crop of sesame and millet and a fall-winter crop of high grade vegetables or export crops. In the foothills, rice is being grown during the winter-spring and the summer-fall seasons and sweet potatoes are being grown during the winter season at places which have effective irrigation. At places which do not have effective irrigation, the seasons and crops raised are the same as those in the subsidiary food crop growing area.

Thus, on all of Dien Chau's fields, the 10th-month rice crop, once the main crop, has been abandoned. Crops are organized in a winter-spring season, a summer-fall season and then a winter season. Since 1982, during the 4 years that the district has been using this new structure of seasons and allocation of crops and changing the quality of seed, agriculture has become diversified. The threats of flooding, drought and acidity and salinity have been avoided. Intensive cultivation has insured good harvests on all types of cropland. Total grain output reached 61,000 tons in 1986 (having risen at the average annual rate of 33 percent since 1982). As a result, Dien Chau virtually met the need for grain within the district and began to make a contribution to the province. The production of industrial crops, export crops and vegetables and beans of all kinds has developed quite well. Livestock production has also developed. The hog herd has grown at an average annual rate of 24 percent, the cattle herd at an average annual rate of 44.3 percent and the buffalo herd at an average annual rate of 8 percent. Afforestation has also begun to develop. More than 2,500 hectares of barren land and hills and 25 kilometers of sandy coastal soil parceled out to cooperatives to be planted are now green and growing well, thereby helping to improve the environment and protect production and everyday life.

II. Establishing the Structure of the Export Economy

Each year, Dien Chau needs a rather large quantity of materials (the majority of which must be imported using foreign currency) to meet the need to develop production within the district. In terms of agricultural materials, the district annually needs about 6,000 tons of nitrogen fertilizer, 4,000 tons of phosphate fertilizer, 1,000 tons of potash, 20 tons of pesticides and so forth. With the materials supplied by the state being inadequate, the district had to find ways to develop its exports in order to import additional materials. On the basis of this thinking, Dien Chau has been organizing and developing the export economy in the state-operated, collective and household segments of the economy, considering this to be an important leading economic force, one which will insure the successful implementation of the district's socio-economic program and enable it to take the initiative in restructuring the district economy and improving the standard of living.

As regards exported agricultural products, Dien Chau has 3,500 hectares of high yield, high quality peanuts. In the sandy coastal area of the district, there are thousands of hectares suited to the cultivation of millet and watermelons, which constitute rather important sources of export goods for the district. In addition, Dien Chau also has land under the cultivation of rushes, which are used as raw material in the processing of exported rush mats.

As regards exported small industry and handicraft goods, Dien Chau has organized the production of exported rush rugs, woven mats, bamboo blinds and shades at households.

As regards the sea economy, Dien Chau has developed the harvesting of shrimp to make frozen shrimp and the harvesting and processing of dried squid and dried prawns for exportation.

On the basis of formulating plans for the development of the export economy for each subarea and production unit within the district, Dien Chau has created the conditions for the basic production units in all three segments of the economy (the household, collective and state-operated segments) to display independence in production, find, procure and collect materials and process goods under contract for exportation. As a result, it has encouraged basic production units to develop many new products, thus making the variety of products more diverse and broader, while focusing efforts on developing main products (such as peanuts, millet, rush mats, frozen shrimp and dried squid) for exportation, thereby producing important income for the district economy. In years past, the citizens of Dien Chau never produced exports. In 1986, Dien Chau produced 8 rubles-dollars worth of export goods per capita and increased district budget revenues by 90 million dong (Vietnamese currency). As a result, the district obtained the foreign currency needed to import thousands of tons of materials for agriculture and the other economic sectors within the district. Between now and 1990, the district will strongly invest in the development of the export economy and endeavor to meet the target of producing from 2.5 million to 3.5 million rubles-dollars in export goods in order to export 13 rubles-dollars worth of goods per capita. This is a realistic target, one which the district is determined to meet.

III. Restructuring, Developing and Expanding Small Industry and the Handicraft Trades

Dien Chau has many traditional handicraft trades, such as the blacksmith trade in Nho Lam, the iron casting trade in Dien Ky, the fish sauce processing trade in Van Phan, the lime baking trade in Dien Binh, the masonry and carpentry trades in Dien Nguyen, the brick and tile trade in Dien Hoa... However, the district's handicraft trades developed slowly for many years. Each year, small industry and the handicraft trades only produced from 5 to 7 percent of the income of the district economy.

To develop small industry and the handicraft trades, Dien Chau had to reorganize production on the basis of the three main production sectors and trades in the state-operated, collective and households segments of the economy and combine part-time businesses with full-time businesses with the aims of making full use of production capacity and insuring that every able-bodied person has a job and earns an income.

Dien Chau expanded the rush processing trade. This trade, which has been organized at full-time and part-time basic units, produces hundreds of thousands of products, thereby meeting consumer needs of the people for rush mats. It also produces woven mats and rush rugs

for exportation and provides the locality with a full supply of salt bags. In addition, exported bamboo blinds, woven household products and civilian furniture are also produced within the district. Dien Chau also has state-operated units that process marine products. At its fishing cooperatives, the harvesting of marine products has been combined with the processing of fish sauce, shrimp sauce, dried fish, dried squid and dried prawns in order to make full use of the surplus labor in coastal villages.

In Dien Chau, there are large limestone reserves, three-fourths of the villages have soil that can be used to make bricks and tiles, the coastal villages have clam beds... The district thus has very good conditions for developing the production of building materials. Dien Chau has organized the production of building materials at basic state-operated units, cooperatives and households. As a result, it now produces about 600,000 tons of lime, 5 million tiles, 10 million baked bricks and millions of clam-shell bricks each year, enough to fully meet the building needs of the locality and provide some products to trade with other places.

As regards the tool production sector, the district has organized the production of all types of common tools (such as sickles, scythes, hoes and shovels) at part-time basic production units and the district state-operated machine enterprise. Full-time basic production units produce tools which involve more complicated technical standards (such as animal-drawn carts, plow shares, harrows, rice threshing machines and the repair and construction of ships and boats for fishing cooperatives).

In addition, Dien Chau has also imported a number of new trades and achieved initial results in the production of glass bottles, soap, mosquito netting, face towels, silk and other products. Today, small industry and handicraft production in Dien Chau are meeting the majority of the local people's needs for consumer goods.

Following 4 years spent reorganizing production and developing and expanding the trade sector, the products of small industry and the handicraft trades now contribute 20 percent of the district's total income. To develop upon this strength, Dien Chau will try between now and 1990 to raise the value of small industry and handicraft products to 35 percent of the district's total income.

IV. What Must Be Done To Correct the Weaknesses and Shortcomings that Remain?

The changes that have been made to the structure of agricultural production in the fields of Dien Chau in recent years have had the effect of accelerating the development of a relatively diversified agriculture within the district. However, agricultural production is still not developing in a stable manner, particularly the production of grain and food products. Dien Chau's grain output is higher than ever but its per capita grain

consumption is only 280 kilograms. Per capita consumption nationwide is 304 kilograms. Dien Chau's level of grain production is clearly not commensurate with the potentials that lie in its land, labor and production traditions. Party committees, particularly those on the basic level, still give light attention to the production of subsidiary food crops. As a result, both the amount of area under the cultivation of subsidiary food crops and the yields of these crops have been gradually declining. Subsidiary food crops make up a small percentage, only 10 percent, of total grain output. Meanwhile, subsidiary food crop production can be expanded to 6,000 hectares producing an output, in paddy equivalent, of 15,000 to 20,000 tons, or roughly 20 percent of the district's total grain output. The district's key rice growing area produces a large output of commodity paddy. Although concerted investments have been made, rice yields have stopped rising in recent years, thus signalling that the potentials of intensive cultivation have been exhausted. This raises the need to change the direction of investments in intensive cultivation from "pilot projects" to "general application" in order to raise the uniformity of rice yields throughout the district. The district's decision to expand the amount of area under cultivation during the summer-fall season (to 6,000 hectares in 1987) is correct. However, some 1,500 of these hectares still lack water conservancy projects, consequently, yields will surely be low and harvests will be unstable. The service and distribution-circulation sectors are not promptly serving the production needs of agriculture. Economic management, particularly at agricultural cooperatives, is lax, thus allowing a rather large amount of materials and products to be lost or wasted. The use of "non-specific" contracts at cooperatives is quite widespread.

The export economy is not truly the leading edge of the district economy. Meanwhile, there is a variety of materials for the production of export goods, the area specializing in the production of export crops is relatively large, there is still much surplus labor and so forth. Cadres and the people still lack the knowledge and experience needed to make export goods, which has resulted in goods of poor quality. The district does not control all the agricultural products (Footnote 1) (The district's total output of whole peanuts is 4,500 tons. Of this amount, the district controls only 2,500 tons), marine products and pharmaceuticals used to make export goods. The contract production, processing and storage of export goods have not been well organized. The export economic management mechanism has not been clearly defined in terms of rights and obligations. The norms of the export plan have not become legally binding norms. The various sectors from the provincial to the district levels are not promptly meeting the needs for materials, money and goods or the needs for payment and the settlement of accounts in order to accelerate export activities on the basic level. Appropriate importance has not been attached to part-time export production forces, consequently, their production capacity is not being fully utilized, particularly with regard to collecting raw materials for the production of export goods.

In addition, with respect to policies, the prices of agricultural products, marine products and export goods have long been low and not commensurate with "input." Despite this, procurement agencies buy goods on credit and do not pay production units and workers for months or quarters. The rates at which goods are traded between procurement agencies and producers are imposed and undemocratic. As a result, they do not encourage the basic production units and persons who make export goods.

To insure that the new economic structure which has recently come into existence has the conditions needed to develop, be improved and yield practical economic returns, it is first of all necessary for the sectors and cooperatives within the district to reexamine and amend their planning on the basis of the district's master plan so that it is truly correct. It is also necessary to restructure and reorganize the production sectors and closely tie labor to the objects of labor with the aims of utilizing all production capacity at each basic unit and providing every able-bodied worker with a stable, legitimate job.

The structure of investments must be consistent with the economic task of each sector and each basic production unit. While first priority must be given to investing in key product producing areas that have large economic potentials, the greatest possible effort must still be made to raise the level of uniformity throughout the district. Efforts must be focused on meeting the key and most pressing need in agricultural production, the need for water conservancy. We must strengthen and build new electric and diesel pump stations. Reservoirs and dams for the foothills must be strengthened. The power network must be expanded from the district center to key agricultural and small industry and handicraft areas.

We must apply and rapidly introduce scientific and technical advances in agricultural production and the production of export and consumer goods. Most importantly, we must meet the need for high quality seed and breeding stock (rice, peanuts and livestock). The crop insurance corporation must be strengthened and measures must be taken to strengthen the activities of the technical network from the district to the villages. Scientific and technical cadres of the district must be sent to basic units to directly guide the implementation of established standards and techniques.

A water route and highway transportation corporation must be established to transport goods to and from the district. We must encourage and create the conditions for the development of rural communications in order to meet transportation needs within the district.

The cultivation of annual export crops (peanuts, millet, sesame) must be expanded. Priority must be given to investing capital in the development of areas specializing in the production of peanuts for exportation. Propaganda and education must be combined with economic

incentives in order to gain the participation of cooperatives, families and each person in the export economy. Each cooperative should make an effort to place 25 to 30 percent of its total labor force in the export economy and part-time small industry-handicraft production. An export economy network should be organized from the district down to the villages. Economic contracts must be signed at the start of the season and materials must be supplied for production also at the start of the season.

Economic accounting and socialist business practices must be implemented in all economic sectors and cooperatives. The independence of basic units in production and business must be guaranteed. We must implement the principle of distribution in accordance with labor and put the management of the materials and finances of basic production units on a regular basis. The upper levels must create favorable conditions for basic units in terms of supplying materials and capital, shipping and receiving and so forth.

The socialist commerce system (the level III commerce corporation and the marketing cooperatives from the district to the village levels) must be strengthened so that it can control the market. Rural markets must be restructured and reorganized to facilitate trade. It is also necessary to establish a division of labor and responsibilities in procurement and sales, avoid counter-productive efforts, reduce the number of intermediaries and create the conditions for the economic sectors and basic units to operate smoothly and achieve practical economic returns.

7809

Philosophical Thinking and the Adoption of New Thinking

42100001f Hanoi TAP CHI CONG SAN in Vietnamese
No. 8, Aug 87 pp 24-27

[Article by Le Thi]

[Text] Today, we talk about adopting new thinking and changing our perceptions. President Ho Chi Minh spoke publicly about changing the way we think and work. Thus, from a philosophical perspective, what lies at the heart of this matter?

1. Concerning the process by which man learns, Lenin pointed out: learning by man proceeds "from direct observation to abstract thinking and from abstract thinking to practice." (Footnote 1) (V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1981, Volume 29, p 179) Thinking, the second stage in the learning process, is the generalization of feelings and perceptions and the reflection of objective reality through symbols, concepts and scientific categories, is the ability of the human brain to function on the level of the abstract. Abstract thinking disregards that which is accidental, that which is not a basic part of a thing or phenomenon, in order to delve into its essence and discover the laws

governing the internal movement of this thing or phenomenon. Therefore, when talking about adopting new thinking, about changing our perceptions or our way of thinking, we should not simply understand it as a matter of saying A today but saying B tomorrow or vice versa. The adoption of new thinking demands, above everything else, that we improve our ability to engage in abstract thinking in order to reach increasingly accurate conclusions and move ever closer toward objective truth.

2. Cultivating scientific thinking, overcoming empirical thinking and rejecting equivocal idealist thinking, these are the pressing requirements we face in the adoption of new thinking.

Through the experience of production and social struggle, thinking is gradually raised from the level of empirical, or pre-scientific, pre-theoretical thinking to the level of a more precise and profound scientific thinking.

Empirical thinking, or empiricism, also reflects the ability of the human intellect to engage in abstract thinking, but on a low level. From experiences gained in the realities of life (production, social intercourse and so forth), humans are able to draw rather precise conclusions concerning separate things and phenomena but cannot generalize the fundamental relationship among things and phenomena or explain these conclusions in a scientific manner.

As Marx said: "Empiricists are still persons who engage in abstraction." (Footnote 2) (K. Marx-F. Engels: "Selected Works," Su That Publishing House, Hanoi, 1981, Volume 1, p 278) They think that they are basing themselves on objective reality, on real life, but ultimately fall into abstract idealism because they do not go beyond miscellaneous experiences related to separate things and phenomena. Without profound generalization, they cannot grasp the essence or the universal laws of things and phenomena and, as a result, apply the specific, the unique, the one-sided and the partial to the universal, the whole and the diverse.

Scientific thinking is closely connected to the ability of humans to engage in scientific abstraction. Once the fundamental features of a group of things or phenomena have been discerned, the intellect can set aside features of secondary importance in order to generalize essential features and form scientific concepts and categories. Through scientific abstraction, human knowledge proceeds from only having a grasp of isolated, separate things to being able to generalize many things and phenomena and define categories and laws which reflect their fundamental, internal relationships.

Scientific abstraction reflects the universal that cannot be directly felt, because, the universal can only be found in and be the result of the particular, the unique. As K. Marx said, the analysis of economic forms cannot be achieved by using a microscope. Scientific abstraction is the only force that can be used as a tool in this analysis.

Without employing scientific abstraction, we cannot know the universal (the law), which exists as the truth in separate things. For example, we cannot take a photograph of the law of value, but this does not permit us to disregard or deny the practical impact of this law.

The power of thinking to transform reality lies in the power of scientific abstraction. In the process of abstraction, man's thinking becomes detached from reality, from the specific, in order to cast aside trivial details and external aspects of secondary importance and delve deeply into the underlying essence of a thing, discover its relationships and most basic features and, on this basis, form a complete and deep picture of the specific in his thinking. This is the method of proceeding from the abstract to the specific in thinking. As Marx said: "This method is the method by which thinking thoroughly comprehends the specific and recreates it as a specific in thinking. But this is not the process by which the specific itself comes into being." (Footnote 3) (K. Marx and F. Engels: "Selected Works," Su That Publishing House, Hanoi, 1981, Volume II, p 616) This observation points out the contrast between scientific abstraction and equivocal idealist abstraction, which is totally divorced from objective reality and leads man into a host of confusing and meaningless concepts and categories. This kind of abstraction is the illusion that the subject can give existence to the specific material thing. It is the illusion that the power of the will and spirit of man can change objective reality regardless of all conditions and laws.

We are beset by both empirical abstraction and idealist abstraction. We must struggle against empirical thinking while quickly putting a stop to subjective idealist thinking and voluntarism. These are the two extremes of the malady of being detached from reality and being backward from the standpoint of theory.

3. Developing upon the power of scientific abstraction on the basis of the dialectical materialist world view and methodology, this is the basic requirement of us in the adoption of new thinking today.

Adopting new thinking is not simply a matter of changing the old way of thinking to a new way. Of importance is the need to base new thinking on scientific theory and methodology, that is, on a scientific philosophical stand. Only in this way is it possible to cultivate scientific thinking, the essence of which is a return to and the increased development of materialist dialectical thinking—an effective tool which helps us to recognize objective reality, delve into its essence and discover the objective laws of its movement. To adopt new thinking is to build upon the power of scientific abstraction, to reaffirm or reject old concepts, categories and views. It is to change the way we think and our approach in the study of objects (nature, society, man) from thinking based on experience to thinking based on scientific theory, from feelings to reason, from idealism, dogmatism and a one-sided approach to dialectical materialism

and a comprehensive approach. The process of adopting new thinking is the process of causing the thinking of the subject to catch up to and, to some extent, anticipate the development of the object, thus elevating the scientific and revolutionary nature of thinking and increasing its power to transform reality.

4. Adopting new thinking is a process of very hard work and also a process of complex and difficult ideological struggle.

From the perspective of its weaknesses, the current state of our thinking is simplistic, emotional empiricism, is largely characterized by voluntarism and subjective idealism, is passive and dogmatic thinking, is thinking based on textbooks, on the thinking of others and on the experiences of foreign countries. Feudal thinking, which imposes the ideas of persons of position and influence upon others, is also a form of subjective voluntarism. This style of thinking uses the past as the standard for examining and evaluating the present, applies wartime experience in peace time, applies the laws to guide the war effort to guide the economy and is a mutation of empiricism, subjective voluntarism and rote dogmatism. Conservatism is also very much a part of the way we think due to the malady of being too lazy to think, the preoccupation with achievements, subjectivism and being satisfied with oneself. It is also the result of a lack of information, incorrect information, one-sided information and the lack of sources of the materials needed to lay the basis for adopting new thinking.

Is not the main weakness of leadership cadres the subjectivism and voluntarism in the way that they think? Is not the main weakness of the broad masses empiricism, a simplistic approach, emotional reactions and a growing tendency to be pragmatic, shallow and partial? In the case of cadres engaged in theoretical activities, are not their main weaknesses dogmatism, scholasticism, copying the thinking expressed in textbooks, a passive way of thinking based on the classics, on the experience of foreign countries, on the thinking of the upper level and a lack of independent, creative thinking?

Thus, the adoption of new thinking faces each person with both general and specific requirements. In each case, however, it is a process of arduous, strenuous labor and a complex and difficult ideological struggle against oneself and others. We should not think that success can be immediately achieved through appeals and a few phases of agitation in the form of a movement. Nor should we turn the adoption of new thinking into a current "fashion" and apply it in a less than serious manner at all times and places.

To each individual, the adoption of new thinking is a matter of combining intense mental labor with activities aimed at transforming social reality. It is hard thinking based on the results of efforts to transform reality, on successes and failures, in order to draw correct conclusions and move closer to objective truth.

The adoption of new thinking demands that each person constantly learn and increase his knowledge in many different fields. Because, without necessary knowledge in many different fields, knowledge of the objects of thinking, it is impossible to achieve the results of scientific thinking. At the same time, it is necessary to give a new direction to our thinking, to approach the object (nature, society, man) from a new direction. Without a revolution in how we examine and analyze things and phenomena, that is, without examining and analyzing things and phenomena on the basis of new views, there can be nothing new about the conclusions reached or the measures taken. A new direction to our thinking, a new approach must also be closely tied to selecting the methods of scientific thinking, establishing the general method as the material dialectic, establishing accurate specific methods of thinking and abandoning methods that are empirical or simplistic, are characterized by voluntarism, are idealistic or metaphysical.

The formation of scientific thinking is achieved through the independent and creative thinking of the individual combined with the intellect of the collective in the processes of debate, exchange of opinions, criticism, self-criticism, the maintenance of continuity and the adoption of the new. Here, however, in contrast to many other areas, the intelligence of the collective and the opinions of the majority cannot take the place of the independent and creative thinking of the individual. Because, the history of mankind's scientific thinking proves that there are cases in which the ideas of an individual might be in the minority, be temporarily isolated, defeated or even suppressed but still reflect objective truth at a time when the majority has yet to arrive at or recognize this truth. Consequently, to be able to truly adopt new thinking and in order for everyone to contribute to this adoption of new thinking, there must truly be freedom of thinking. No one person has a monopoly on the truth, no one person promulgates the truth. Rather, the path to the truth is the process of each person searching for the truth. The creativity of thinking is the process of affirmative or negative recognition of things rejected, carried on or changed in the existing body of knowledge in order to discover new knowledge. Whether the ability to summarize and draw from experience, the ability to generalize and the ability to reach correct, new conclusions, that is, the ability to engage in scientific abstraction, is strong or weak depend upon the individual. Generally speaking, these abilities are the result of a lengthy process of strenuous effort.

Thinking is a product of history. Its character is the character of a class, the nation and the times. Therefore, consideration must be given to the socio-historical causes (which include the current level of knowledge) of the strongpoints and weaknesses in the thinking of each individual and each generation. In our country today, the influences of feudal, bourgeois and petty bourgeois thinking, of Confucianism, Buddhism and Taoism, of the 30 years of war as well as our low level of scientific and technological development and our low cultural

standards are quite clearly evident in the thinking and reasoning of many persons, including persons who conduct theoretical research. Adopting new thinking, therefore, entails a determined struggle against old ways of thinking that have become habits.

To create a democratic atmosphere in society, in discussions and study, to display high respect for self-criticism, it is necessary to wage a strong and thorough ideological struggle against oneself and others, frequently even against comrades, close friends and leadership cadres on the upper level whom we admire very much. This demands courage and loyalty. At the same time, one must be tactful and clear-sighted and be able to distinguish right from wrong, distinguish constructive zeal from selfish, mercenary personal motives. This struggle will surely meet with opposition and resistance by some persons who want to maintain the status quo, especially when they see that their position and interests are being harmed. But the purpose of adopting new thinking is to meet the pressing needs in the life of our people, to effectively respond to the earnest appeal being made by our party today. Therefore, it will surely win the support of large numbers of cadres, party members and the people and bring about positive changes in the way that each of us thinks and acts.

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The Unity of the Socialist System of Law
42100001g Hanoi TAP CHI CÔNG SAN in Vietnamese
No 8, Aug 87 pp 28-31, 64

[Article by Hoang Cong]

[Text] The recognition and serious enforcement of a unified system of law nationwide are solid guarantees that social order and the discipline of the socialist state will be maintained, are the factors of foremost importance in insuring that the management provided by the state is effective.

In its broad meaning, the socialist system of law is the embodiment of the power of the state on the legal plane and in the form of laws, is the will of the state compelling each member of society to respect and seriously comply with all these laws. Unity is the basic feature of the socialist system of law. It tells us that the entire system of current laws is the consistent expression of the will of the state and that enforcement of the law must be equal at all places and in all fields, must be strict and faithful to the law. Therefore, strengthening the unity of the law is a very necessary part of strengthening the socialist system of law, is an important factor in confirming the strength of the socialist state. This strengthening is consistent with the need to develop the economy and society in accordance with the principle of democratic, centralized management by the socialist state.

In the present period of transition to socialism in our country, in addition to bitter opposition from imperialist, reactionary and expansionist powers overseas, we are also encountering opposition from domestic reactionary elements and from old customs and habits and the backward aspects of small-scale production, which are still deeply ingrained in the people. These are the attitudes and habits of doing things as one sees fit, doing things in an unorganized and undisciplined fashion, ignoring the law, etc. Therefore, only by insuring the unity and effectiveness of the system of law is it possible for the socialist state to properly fulfill its functions in maintaining social order, maintaining national security, maintaining national independence and sovereignty and combating internal and external sabotage by the enemy and in economic and social development.

Our socialist state is a state of, by, and for the people. It represents and protects the socialist democratic rights of the working people, which are the most basic rights of persons in socialist society. The purposes of strengthening the unity of the system of law are to insure that these democratic rights are seriously implemented at all places and within all fields and guarantee that every citizen is treated equally and fairly under the law. Only when the system of law is enforced in a consistent manner are social discipline and order fully guaranteed at all times and places. Only then does each person have the basis needed to act in accordance with the common principles of society. Only then are the rights, obligations and responsibilities established under the law for each member of society strictly implemented and fulfilled.

Uniform enforcement of the system of law also has the purpose of insuring consistency between the will of the socialist state and the creative activities of the masses. The higher the unity of the system of law is, the greater is the impact of the law's functions of guiding and regulating behavior. The unity of the system of law has become one of the standards of a civilized society. Thinking and acting in accordance with the law have become standards of cultured persons, of the new, socialist man.

Economic law is a very important part of the socialist system of law. The socialist state uses economic law to manage the planned economy in accordance with the principle of democratic centralism and insure that objective economic laws (including socialist economic laws) are applied correctly. Economic law demands a high degree of unity within its own system and in compliance with this law within each economic organization (state-operated, collective or private).

Concerning the significance of a unified system of law, Lenin wrote: "The system of law must be unified" and the maintenance of one system of law in one province but another system of law in a different province is a "barbaric" habit. (Footnote 1) (V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1978, Volume 45, p 232)

The unity of the socialist system of law is manifested first in legislative work. The drafting and promulgation of laws must be done by authorized agencies. Not just any agency can promulgate laws. Our country's Constitution stipulates that the National Assembly is the only body that possesses legislative power. In accordance with the law, only a number of other agencies have the authority to promulgate documents below the level of a law. It must be insured from the very outset of this work that the unity of the system of law is preserved.

The 1980 Constitution is the basic and highest law. Agencies of the state, that is, the National Assembly, the Council of State and the Council of Ministers, concretize the Constitution in the form of legal documents regulating the activities in each field and the different social relations. These legal documents are of equal value everywhere. Within the scope of their responsibilities, authority and tasks, the administrations on the various levels concretize these documents in the form of regulations that apply within the scope of their locality. But although these documents are concretized on the various levels in this way, they are not in conflict with the Constitution or the laws of the central state. Legal documents which are not in the nature of regulations also must be consistent with the laws of the state even though compliance with them is not mandated by the state. This is also a requirement of unity in the system of law.

Thus, everything from the Constitution to codes of law, laws, regulations, documents below the level of a law and other specific stipulations of the central state, of state agencies within the localities and of the various levels and sectors must reflect the unity of the socialist system of law.

Our laws must be stable because they codify the essential relations of socialism, codify the lines, positions and policies of the party. On the other hand, they must be consistent with changes and developments in social relations, in the positions and policies of the party and state, particularly in the economic field. Our laws must reflect the modern level of development of socialist relations, reflect the traditions and habits of our people. On the other hand, the law must codify the lines, positions and policies of the party in order to strengthen and develop these relations, traditions and habits along progressive, socialist lines. In the face of these seemingly contradictory demands, our laws must still be unified and consistent in their content. The amendment or revision of a regulation must be consistent and well coordinated with other regulations. We must avoid establishing or cancel regulations that are counter-productive or nullify one another.

The making of laws and regulations is the codification in document form of social relations and activities. On the other hand, it is also viewed as the enforcement of the law by functional state agencies themselves. Even in these activities, there is the need to uphold the system of

law and maintain its unity, that is, the need to fully comply with procedures and regulations and insure that these activities are constitutional and lawful. This is a very important matter because state agencies and persons who hold public position and authority cannot, when acting in the name of the state, promulgate regulations and rules in a haphazard fashion contrary to their function and authority. The unity of the system of law is also manifested in law enforcement. Legal documents must be recognized and enforced equally and seriously throughout society and nationwide. All explanations of the law, all interpretations of the law and all prosecution in accordance with the law must maintain the unity of the system of law in legal documents as well as enforcement at all times and places.

Our party and state always attach importance to complying with and strengthening the system of law. However, maintaining the unity of the system of law is not something that is fully understood or practiced. Many cadres, including leadership cadres, do not realize that of no less importance than building an increasingly full and comprehensive system of law is the need to insure that it is enforced in a serious and unified manner. Convenient thinking and habits, liberalism, partialism and localism are still widespread. This has given rise to the practice of levels, sectors and particularly localities enacting regulations based on their temporary circumstances or task which frequently conflict with laws of the state. Often times, laws of the state sent down to the basic level are distorted as a result of being interpreted, applied or concretized in a "creative" manner not based on principle.

The country's system of law in the various fields of activity is still incomplete and uncoordinated. Meanwhile, there are also regulations that have become outmoded. This has created legal "loopholes" and caused us to lack the solid foundation needed for unity in the system of law. The re-examination of laws for the purpose of revising or amending them is still being carried out in a slow and piecemeal manner and is neither systematic nor scientific. Sometimes, laws are found to be unsuitable and in need of revision as soon as they are promulgated. There are more than a few regulations which are counter-productive and uncoordinated or even nullify one another. Moreover, the promulgation, cancellation and revision of regulations are not widely publicized. Therefore, new regulations sometimes exist side by side with old regulations and the persons responsible for implementing them do not know which regulation is the official regulation. The ordinary person, whose knowledge of the law is incomplete, becomes even more confused. For these reasons, we have too few of some laws and too many of others.

Objective difficulties currently stand in the way of efforts to draft and amend laws in the various fields, particularly in the economic field. Some specific economic positions and policies still contain shortcomings and mistakes and are not consistent with objective

economic laws or our country's economic situation today. Some positions and policies are still in the process of being tested and their impact and effects in practice are not clear or stable. Many good things and bad things, correct things and incorrect things exist side by side and cannot be clearly distinguished. Therefore, formulating and amending laws that are correct, complete and unified are not a simply matter. But we also cannot overlook the subjective cause, namely, that the making of laws is still passive in nature and does not keep pace with life or the realities of social construction in the various fields. The entire process from discovering the need for a law to proposing, researching, drafting, promulgating, revising and amending laws is still slow and bureaucratic. For these reasons, the unity of the system of law has unavoidably declined. Conversely, this lack of unity has reduced the effectiveness of the system of law and state management. It sometimes reduces and even nullifies the effectiveness of positions and policies of the party and state.

Therefore, the first thing that must be done to guarantee the unity of the system of law is for the various levels, sectors and localities to realize the importance of this unity when taking steps to strengthen the system of law, in general. In conjunction with establishing new, necessary laws that we do not now have, it is necessary to reexamine existing legal documents in order to repeal provisions that have become outmoded and revise and amend these laws so that they are well-coordinated and consistent. This is work that must be given the regular attention of authorized and responsible agencies. To do this work well, these agencies must keep abreast of the line and positions of the party, particularly those positions and policies that have been proven to be correct. At the same time, they must keep abreast of each positive as well as negative change in society and have a full understanding of the principles and nature of socialist law.

At present, economic activities are frenetic and complex. They demand that we strengthen our economic law and insure its unity. These laws must be consistent with economic laws and the planning mechanism based on economic accounting and socialist business principles. They must comply with the principle of democratic centralism. Recently, we received new regulations from the Council of Ministers on the independence of enterprises in the areas of plans, the organization of production, materials, labor and capital and regulations abolishing the practice of closing rivers to traffic and prohibiting markets from being held. Legal agencies and concerned agencies are preparing to promulgate a number of laws and regulations on the management of cropland, on labor, foreign trade activities, investments by foreign countries and so forth. These are examples of good steps being taken to strengthen the system of law. However, it must also be said that it is first of all necessary for state agencies to strictly and consistently enforce existing laws. Only in this way can they make positive contributions to achieving higher productivity, quality and efficiency, stimulating the development of

production, increasing the supply of goods for society, reducing the difficulties being encountered by the people in their everyday lives and curbing and gradually eliminating negative phenomena in society.

One important job is for the responsible agencies, especially the organs of control on the various levels, to increase their inspection of compliance with the law by state agencies and citizens with importance attached to inspecting the promulgation of policies, regulations and rules by state agencies to determine whether or not these agencies exceed their authority. Provisions that conflict with state law and with unity in the system of law must be dealt with in an appropriate manner. Abusing one's positions or authority, as a result of parochialism or localism, by issuing regulations to suit convenience, thereby causing much harm and violating the rights of freedom and democracy of the people, is also something that must be dealt with in a harsh manner. Inspecting arrests, trials and the enforcement of verdicts to insure that they comply with the law is something that cannot be given light attention in the present situation. Performing these jobs well will surely cause the unity and effectiveness of the system of law to be increased, thereby making positive contributions to the development of our state's management role.

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V.I. Lenin on Bureaucratic Behavior and the Struggle Against Bureaucratic Behavior
42100001 Hanoi TAP CHI CONG SAN in Vietnamese
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[Article by Le Van Yen]

[Text] Bureaucratic behavior is a dangerous "malady," one which is quite prevalent among many cadres and party members and within organizations of the proletarian dictatorship system. This "malady" not only causes wide-ranging harm in socialist construction, but also erodes the revolutionary qualities and proper style of cadres and party members. Lenin discovered this "malady" very early and considered it to be a dangerous "enemy."

Thus, what is bureaucratic behavior? What are its manifestations? How does it start? What harm does it cause? Which measures must be taken to overcome it? Lenin provided us with many scientific answers to these questions.

To begin with, according to Lenin, bureaucracy "can be defined as violating the legitimate interests and, if such can be said, the 'natural' interests of each opposing faction, that is, a struggle against a minority by means of improper tactics. But this kind of bureaucracy has nothing at all to do with principles." (Footnote 1) (V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1979, Volume 10, p 42) Bureaucratic behavior, on the other hand, "can be translated into Russian by the term: status

seeking. Bureaucratic behavior is using the interests of the cause to serve the interests of securing a higher position for oneself. It is attaching full importance to position and not giving consideration to work. It is struggling against one another for an appointment when the struggle should be for ideas." (Footnote 2) (*Ibid.*, Volume 8, p 424)

The most common manifestations of bureaucratic behavior are preoccupation with administrative matters, red tape and laziness; a sloppy, clumsy style and replying to questions in a cursory, general manner; not acting on the basis of principles, undisciplined liberalism, selfishness and arrogance; guiding and performing work in an irresponsible fashion divorced from reality; individualism, etc.

Among cadres and party members, bureaucratic behavior also takes the forms of departmentalism, parochialism, conceit, a procrastinating, administrative style and performing work in a disorganized manner; a lack of specialized skills and practical knowledge; the fear of hardships and difficulties; being too lazy to learn and unwilling to accept the new; simplistic, impetuous thinking and actions based on subjective desires, on a desire to "start a dozen jobs at once and then not have enough time to complete one of them." Lenin called these traits a "disease," called them the "most dangerous enemy" of cadres and party members. One harmful and especially dangerous expression of bureaucratic behavior in a communist party member is being far removed from the masses, from reality, thereby severing the close bond between the party of the working class and the broad laboring masses.

Within the organizations of the proletarian dictatorship system and especially within organizations of the party, bureaucratic behavior is also very clearly manifested on the organizational plane. It is seen in structuring and arranging the apparatus of the state, party and mass organizations in a decentralized manner, in a way that suits convenience. It is also seen in setting up one section or office after another, thus causing the apparatus to become cumbersome and too large. Everything lacks inspection and supervision, consequently, activities are ineffective. This behavior is also seen in assigning cadres and party members to jobs not in keeping with their position or function or to sectors and trades for which they were not trained, thereby causing the productivity, quality and efficiency of work to be low. A rather typical manifestation within every organization, one which Lenin strenuously criticized, is the formulation of grandiose plans that are not based on actual conditions, is "the writing of empty theses or the adoption of exceedingly general drafts and slogans: which lack detail and are solely the result of voluntarism. Lenin said: "We have been drawn by the accursed quagmire of bureaucratic behavior into drafting official correspondence, discussing decrees and drafting decrees, and our practical work is being drowned in this sea of paper." (Footnote 3) (*Ibid.*, Volume 44, p 444)

In economic work, bureaucratic behavior is seen in granting approvals indiscriminately; issuing incorrect decisions; holding endless meetings; not giving attention to economic accounting; not acting on the basis of specific conditions; and disregarding the impact of economic laws under socialism. Economic work, as Lenin analyzed, is the central task of the socialist revolution, is the most important job of the party when in power, is a task which entails arduous challenges and demands long-range efforts and a very high degree of independence, precision and patience. Formalism, the penchant for reporting achievements, submitting falsified reports and so forth are things which cause considerable harm in economic activities, things which Lenin called "affected" and "ostentatious."

The causes of bureaucratic behavior were deeply analyzed by Lenin. They can be generalized as the following several main causes:

From a social standpoint, it is due to the remnants of the habits and customs associated with the old society. These remnants make their way into the corps of cadres and party members, into the leadership and management agencies on the various levels, leaving a clear imprint in many leadership cadres, in the organizations and activities of the state and party apparatus.

From a cultural standpoint, it is the result of the low cultural standards of cadres, party members and the working people and the poorly developed specialized skills of cadres and party members, particularly leadership cadres. The poor management skills of leadership cadres are the main cause of the emergence of bureaucratic behavior in the economic field. Lenin said that at those places where bureaucratic behavior emerges and exists, "what we see most clearly is the lack of cultural forces."

From an historical perspective, it is due to the consequences of war. War is the sternest challenge a nation or social system can face. It ravages the country's economy and disrupts each activity and the life of society. In time of war, the party of the proletariat and each force of the nation must devote their efforts to the military task, a task which absorbs much of the country's human and material resources and must be subsidized to a significant degree. Consequently, following a war, bureaucratic behavior and bureaucratic elements have the conditions needed to emerge and exist.

From the standpoint of economic origins, it is due to small ownership relations, small-scale production and the lack of trade and relations among localities and among the economic sectors, especially between industry and agriculture. Lenin said that the economic origins of bureaucratic behavior are the divided and decentralized nature of small-scale producers, their impoverishment and the lack of trade and a reciprocal impact between agriculture and industry.

Concerning the harm caused by bureaucratic behavior, Lenin stated that bureaucratic behavior is "our most harmful internal enemy," is the major obstacle on the path to the goals of the socialist revolution, is an impediment to the comprehensive development of socialism. Lenin pointed out that bureaucratic behavior is the travelling companion of petty bourgeois spontaneity, of anarchy, of the ethics of small-scale, private ownership and of the remnants of the old society. Together with these forces, bureaucratic behavior attacks the proletariat and its vanguard unit, attacks the organizations of the proletarian dictatorship system. They call the cause of the proletariat "backward," "yield to the weaknesses of capitalism" and gradually restore capitalist exploitation. In essence, they sabotage the cause of socialism.

In the case of cadres and party members, especially leadership cadres, bureaucratic behavior is the origin of each mistake, from small to large mistakes, of the practice of doing things as one sees fit, of paternalism, arbitrariness, despotism, arrogance and disregard for all principles and laws. It erodes the revolutionary qualities and proper style of cadres and party members. It can cause them to "become persons who have special rights and are divorced from the masses."

Bureaucratic behavior causes major harm within party organizations. It gradually destroys the ties between the party and the broad masses. It undermines the confidence that the masses have in the party. It puts a party in power in danger of abandoning the political stand of the proletariat, abandoning the organizational principles of the party, straying from the goals of the revolution and removing itself far from the working masses. Lenin stressed: "Communists have become bureaucrats. If there is anything that will destroy us, it is this." (Footnote 4) (Ibid., Volume 54, p 235)

Bureaucratic behavior is also at the heart of each disagreement, of each instance of lack of unity within the party and within the proletariat. This harm was clearly analyzed by Lenin: "One thing is clear. In a country in which the dictatorship of the proletariat exists, a split within the proletariat or between the party of the proletariat and the proletarian masses not only poses a danger, it poses an extremely serious danger, particularly if the proletariat within this country is only a small minority of the population." (Footnote 5) (Ibid., Volume 42, p 336)

In summary, bureaucratic behavior is a "painful issue." It is not only a mistake from the standpoint of one's style or methods of work, but is also a dangerous "internal enemy," one which is first and primarily related to the revolutionary stand, views and ethics of a party in power, of each cadre and party member. It causes cadres and party members to degenerate and become deviant. It can place a party in power in danger of falling apart.

Concerning measures for struggling against bureaucratic behavior, Lenin pointed out that we must, in terms of our awareness of this issue, consider this struggle to be "the most important task in this stage of the revolution" (the transition from capitalism to socialism), to be as absolutely necessary and complex as the struggle against petty bourgeois spontaneity. M.S. Gorbachev, secretary of the CPSU Central Committee, said: "Vladimir Ilyich Lenin considered the struggle against bureaucratic behavior to be especially important at turning points, at times when a transition is being made from one management system to another, when the level of professional skill, speed and energy must be at their maximum." (Footnote 6) (The Political Report of the CPSU Central Committee at the 27th Congress of the Party, Su That Publishing House, Hanoi and Novosti News Agency Publishing House, Moscow, 1986, p 122)

Bureaucratic behavior is not something temporary. Rather, it is "deep rooted." Therefore, the struggle waged against it must be a resolute and steadfast struggle involving many appropriate measures. It is a mistake in the way we approach this issue if our thinking is that we can quickly cut out this "cancer." What we must do is acknowledge the existence of this disease and wage a determined struggle against it. Lenin asserted: "The struggle against bureaucratic behavior in a crippled country of peasants requires a long time. And, this struggle must be waged in a steadfast manner. We should not be discouraged when an initial setback is suffered." (Footnote 7) (V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1979, Volume 52, p 249)

Lenin set a bright example of struggling against bureaucratic behavior. He taught us many valuable lessons and provided us with many positive measures for waging this struggle. These measures are:

It is necessary to practice democracy, to expand and thoroughly develop the practice of democracy by creating the best possible premises and conditions, through a variety of forms, for mobilizing each person to truly participate in management and implementing the right of ownership of the working people in all fields of social life, especially in economic management. Lenin required that every agency schedule time to receive the public in order to act upon the requests, aspirations and suggestions of the people. He said: "Only when all the people participate in management is it possible to eliminate bureaucratic behavior once and for all and win complete victory." (Footnote 8) (Ibid., Volume 38, p 205)

There must be regular inspection and control, from the lower level upward and the upper level downward, of the activities of organizations, state agencies and party agencies. Inspections of a mass nature from the lower level upward are one of the primary measures employed in an effective struggle against bureaucratic behavior. To accomplish this, it is necessary to put in place a system of tight controls achieved by many different measures with the assistance of the organizations of the party and

administration, especially the trade union organization. Lenin stated that it is necessary to arrange for the broad masses of non-party members to inspect all work of the state and learn how to manage the state themselves. "The more workers and peasants this inspection work attracts, the better. We will turn our hands to this work, will succeed in this work and will, as a result, do away with bureaucratic behavior within our agencies." (Footnote 9) (Ibid., Volume 40, p 146)

It is also necessary to improve our organization, reduce the size of staffs, adopt a new approach to cadre work, replace cadres, restructure our apparatus and reduce its size and establish strict personal accountability for work. Lenin taught us many practical lessons concerning these measures. He said: "The most important tasks of this stage are not to issue decrees and carry out reforms, but to select persons, establish personal accountability for the work being performed and inspect actual work. Otherwise, we cannot free ourselves from the bureaucratic behavior and the red tape that are strangling us." (Footnote 10) (Ibid., Volume 44, p 452)

Another measure that must be taken is to steadfastly mobilize, organize, propagandize, educate and widely unite the people, raise their cultural standards, teach cadres and people the concept of respecting discipline and appeal to every organization within the proletarian dictatorship system to provide assistance and unite with one another. Only in this way is it possible to "fully support the struggle against bureaucratic behavior."

We must also delve deeply into practice, gain an understanding of practice and propose practical measures. "It must be understood that, today, practice is everything, that we have entered a period in history in which theory has become practice, has come alive as a result of practice, is being revised on the basis of practice, is being re-examined in practice." (Footnote 11) (Ibid., Volume 35, p 243) This practice is restoring the economy; reorganizing production well; turning efforts to economic work; maintaining close contact with the masses and being realistic; and developing trade among localities and between industry and agriculture. As Lenin said, "To us, these are the most significant political activities." (Footnote 12) (Ibid., Volume 43, p 397)

Persons and agencies who were bureaucratic had to boldly recognize and take determined steps to correct this problem. If they were unwilling to correct it, their actions were reported on the radio or in the newspaper and they themselves were dismissed from their jobs and punished in a manner commensurate with the seriousness of their mistakes. As regards persons who abused their authority, engaged in despicable, heinous behavior and engaged in vile oppression of others, Lenin demanded that they be dealt with on the spot, be immediately purged and even prosecuted in court.

Lastly, Lenin advised that when taking the measures described above, we must display true boldness—a necessary boldness—in order to create favorable conditions for the broad masses to participate, for cadres and party members to develop and display their creative abilities in the struggle. He concluded: "To continue to successfully carry out socialist construction, it is necessary and critical that we continue to struggle against bureaucratic behavior."

The Political Report of the Central Committee at the Sixth Congress of our party pointed out: "There are some abnormal phenomena in our society today: a lack of closeness among the party, the state and the people, bureaucracy within leadership and management agencies and the specialized organizations responsible for mass work... Together with the consequences of the old economic management mechanism, bureaucracy in the work attitude and style of leadership cadres of the various levels and sectors, including basic economic units and administrative units, has not been criticized or eliminated." (Footnote 13) (The Proceedings of the Sixth Congress, Su That Publishing House, Hanoi, 1987, p 110)

The struggle against bureaucratic behavior in our country in the present stage is, in essence, the struggle to eliminate bureaucratic centralism within the leadership and management agencies of the party and state and within the mass organizations and correct the lack of closeness among the party, the state and the people. It is the struggle against the bureaucratic attitude and style of cadres of the various levels, sectors and organizations, specifically against special rights and privileges, against authoritarianism, arrogance and disdain for the masses, against "putting on the airs of a revolutionary official" and living a life far removed from the masses without being concerned for, or even violating, the legitimate interests of the masses. It is the struggle for the adoption of new thinking, most importantly economic thinking, the restructuring of our organization and corps of cadres, the adoption of a new style of leadership and work and especially the restructuring of the economic management mechanism by dismantling the mechanism based on bureaucratic centralism and state subsidies and shifting to the mechanism based on planning, accounting and socialist business principles.

Studying and shedding light on Lenin's solutions to the problem of bureaucratic behavior and the struggle against it are very necessary in the present stage of the revolution. They will provide us with the theoretical base and the experiences needed to struggle against bureaucratic behavior, increase the strength of the party, raise the prestige of the party among the masses and insure that the party rises to the level of the new tasks.

**Uncle Ho Guides Us as We Work To Establish
the New Way of Life**
*42100001i Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 37-42, 74*

[Article by Le Xuan Vu on the occasion of rereading the book "The New Life" published in 1947]

[Text] Today, which way of life we practice has become a burning issue. The struggle between the two opposing social systems in the world concerning which way of life is practiced is an exceedingly sharp and complex struggle. In the socialist countries, increasing attention has been given to the way of life because the people want to live a happier and better life and are developing an increasing consciousness of the need for a life "in which the free development of each person is the prerequisite to the free development of everyone." In our country, establishing the socialist way of life is also a burning issue.

However, which way of life we practice is not an entirely new issue to us. Immediately after the 1945 August Revolution, during the war of resistance, when "some persons had the job of fighting the enemy, some had the job of carrying out sabotage and others had the job of evacuating civilians but everyone was experiencing hard times," President Ho Chi Minh appealed to everyone to practice the new way of life. In the book entitled "The New Life" written by him in 1947 under the pen name Tan Sinh, his personal directive concerning economic management, politics, culture and social work, especially the pure, determined and noble examples he set in his way of life, in combat, labor and his studies guided our people in organizing and managing their lives in accordance with the new standards.

The objective of the new way of life—in the words of President Ho—is "to make the life of our people fuller materially and more wholesome spiritually." (Footnote 1) (Ho Chi Minh: "Collected Works," Su That Publishing House, Hanoi, 1984, Volume 4, p 323)

The new way of life advocated by President Ho Chi Minh at the time of the resistance against France was a life of: 1) diligence: the army diligently training and fighting and the people diligently working; 2) frugality: soldiers economizing on ammunition, each round being used to kill one enemy soldier, and the people being frugal in the use of materials; 3) honesty: no one being dishonest, greedy or using public property for personal purposes; 4) integrity: every citizen devoting his efforts to the country, enthusiastically supporting the resistance, making every effort to increase production, eradicating traitors and being determined to reunify the fatherland. The new life, according to President Ho Chi Minh, means abandoning that which is old but not good, such as laziness and greed; sensibly modifying that which is old and not bad but is excessive, such as extravagant funerals and weddings; developing that which is old and good, such as the thinking of loving others as we love

ourselves and being loyal to the country and filial to the people; and doing that which is new and good, such as practicing good hygiene and working in an orderly fashion. In general, it means changing the way we eat, the way we dress, the way we provide ourselves with shelter, the way we transport ourselves and the way we work: "To live, everyone must have four things: food, clothing, shelter and transportation.

To have food, clothing, shelter and transporting, we must work. We have always worked and always provided ourselves with food, clothing, shelter and roads. But because they do not work efficiently, the majority of our people are hungry, their clothes are in tatters, their houses are crowded and their roads are in poor condition. Many persons are poor, few live in comfort. The new life is not unattainable nor is it difficult. It does not require any sacrifices on the part of anyone. It only demands that some very necessary and very general changes be made in the life of each person, that is, changes in the way that we eat, dress, provide shelter and transportation for ourselves and the way that we work." (Footnote 2) (Ibid., p 323-324)

Thus, the new life not only consists of our everyday relations and behavior, of specific, individual lifestyles and each aspect of the life of society and the individual, such as funerals, weddings, order, sanitation and so forth, but is also the life of man in all production and non-production activities under specific conditions and in accordance with a specific set of ideals. The new life is a rich and full life, one closely tied to the establishment of new relations between man and nature, man and society, and man and himself. Putting the new way of life into practice, or what we today call establishing the new way of life, is a long process, a process closely linked to the process of building a whole new social system. But this is also a process which occurs each day because we continue to live and express the way that we live each day.

President Ho Chi Minh divided the new life into two lives: the new personal life of each person and the new common life of each group of persons. And, he also pointed out how each person, children and adults, the elderly, women and so forth, as well as each group of persons, each household, each village, each school, each army unit, each public office, each factory and so forth can and must practice the new way of life.

The new life movement launched by President Ho Chi Minh swept away countless bad customs and thoughtless superstitions, transformed many outmoded habits and gradually established new and beautiful lifestyles and a wholesome way of life throughout the resistance against France and the resistance against the United States.

Today, when the issue being faced is whether we can begin to create, even in this initial stage, a society that is beautiful from the standpoint of its way of life, even though the material standard of living is not high, and

must "condemn and expose the corrupt nature of the old way of life, strongly confirm and widely spread the new ethical values and stimulate the formation of the new way of life" (Footnote 3) (The Political Report of the Party Central Committee at the 6th Congress, TAP CHI CONG SAN, No 1-1987, p 77), we are glad to see, having studied President Ho Chi Minh's work, that virtually all the major principles guiding the formation of the new way of life in Vietnam were discussed by him.

According to President Ho Chi Minh, each person and each group of persons must manage their life in accordance with the progressive standards of the new society. This is a matter that might require separate discussion at a symposium. On a society-wide scale, although life is endless in its variety, it basically entails three types of relations that are dialectically tied to one another: man and nature, which is production activity; man and society, which is socio-political activity; and man's awareness and objective reality, which is spiritual activity. Therefore, establishing the new way of life here means setting the direction of and exerting an effective impact upon all three of these types of relations, means organizing and managing all three processes together: economic, socio-political and spiritual.

As regards organizing and managing the economic process (production, distribution, circulation and consumption), President Ho Chi Minh's instructions were very specific. His economic thinking was scientific and new from the time he wrote "The Revolutionary Road" (his thinking concerning cooperatives, for example) and even in his works on economic life in Indochina under French domination. Following the revolution, he constantly reminded everyone: "If the country is independent but the people do not enjoy happiness and freedom, this independence means nothing. The people only know the value of freedom, of independence when they are well fed and well clothed." (Footnote 4) (Ho Chi Minh: "Collected Works," Su That Publishing House, Hanoi, 1984, Volume 4, p 35) He often said: "In order to govern the people, they must first be well fed" and "a person only defends his ethics when he is well fed" (Footnote 5) (Ibid., p 87); therefore, the policies of the party and government must give full attention to looking after the living conditions of the people.

President Ho Chi Minh said that building the country is difficult work: "We can easily gain the participation of all the people in the fight against the enemy for independence but it is more difficult to gain their participation in building the country because it affects the separate interests of a few strata. We have little experience and skill but much work to perform..."

With the aim of first resolving the food problem, he advanced the slogans: "All the people farm, farm during all four seasons of the year"; "a bit of soil is a bit of gold"; and "self-sufficiency in grain, strength under arms." He pointed out: ours is an agricultural country and everything we do must be based on agriculture. If

leadership cadres skillfully lead and effectively assist our fellow countrymen and if our fellow countrymen try to increase production and practice frugality, the people will be well fed and well clothed, jobs will proceed smoothly, taxes will be easy to collect and financial resources will be plentiful, in summary, when the people are well fed, the country will be prosperous. He also said: everyone can increase production and practice frugality. The country can only be built through diligence and frugality. Our country is also poor. Thus, to achieve prosperity, we must first work diligently. Labor is a sacred obligation, is the source of our life and happiness. There are no demeaning occupations, only lazy persons, persons who shamefully rely upon others. In the wars of resistance, it was "everything for the frontline, everything for victory." In peaceful construction, it is everything for production. The results of supporting production must be the measurement of one's revolutionary will. We must resolutely combat the maladies of speaking words that mean nothing, ostentatiousness and formalism as well as ways of working that are not aimed at increasing production. To develop production, it is first of all necessary to raise labor productivity. To raise labor productivity, we must organize labor well, effectively organize the new production apparatus and actively learn economic management and make technological improvements. Very long ago, President Ho Chi Minh said: "Working under contract is a prerequisite to socialism. It encourages the worker to always be progressive, to make his factory progressive. Working under contract is in the interest of the public and benefits the individual... And, working under contract must result in increased output while always maintaining quality." (Footnote 6) (Ho Chi Minh: "Selected Works," Su That Publishing House, Hanoi, 1980, Volume II, p 63) Thus, distribution must be distribution in accordance with labor. Concerning distribution, he often advised: we should not fear shortages, only unfairness. We should not fear poverty, only that the people are not content. Several lines of poetry in which he instructed Tran Dang Ninh, who was in charge of our army's rear service sector during the resistance against France, to deliver hogs to the people to be raised by them and shared with the army, reflect his profound economic thinking: we must have a correct price policy, be fair in our relations with farmers and concern ourselves with the interests of the individual laborer. He taught that we must be frugal in both production and consumption. He himself was a model of frugality. He said: at a time when the country is experiencing many difficulties and liquid capital must be devoted to construction, extravagance in consumption is a crime against the people, against the state, is unethical. Production without frugality is like wind blowing through an empty house. Misappropriation and the waste of property of the state, of the collective and the people are acts of thievery, which everyone must detest and eradicate. We must treasure our most precious asset—human labor. We must wholeheartedly care for the health of the people and use their labor in a truly

reasonable manner. He advised us to formulate very good economic and cultural plans and concern ourselves with organizing the life of our people very well.

Together with organizing and managing economic processes, President Ho Chi Minh constantly attached importance to tapping the political activism of the working people and gaining their participation in the management of the state and society. In this field, he focused his attention on the consciousness, the spirit and the right of collective ownership of the working people. "The people are the masters." This thinking pervades the entire body of his revolutionary theory. From the very beginning, he considered workers and farmers to be "the masters of the revolution," "the masters of the state." When we embarked on socialist construction in the North, he emphasized that these persons are the "collective masters." The thinking of collective ownership, of collectivism is the dominant, essential feature of socialist social relations. At the same time, it is the primary and most important characteristic of our socialist way of life. The teachings of President Ho Chi Minh concerning this matter stemmed from his scientific and revolutionary mass view and were based on the spirit of Marxism-Leninism.

On the one hand, he taught cadres, party members and civil servants that they must respect, guarantee and build upon the right of collective ownership of the working people. "You must remember that the people are the masters. The people are the sea, you are fish in this sea. How great our forces are depends solely upon the people.

You must gain the people's respect. They must look forward to your arrival and regret your departure. Do not adopt the airs of a revolutionary official and cause the people to hate you, disdain you and not support you." (Footnote 7) (Ho Chi Minh: "Collected Works, Su That Publishing House, Hanoi, 1984, Volume 4, p 60) The methods by which leadership is provided must be democratic. Because, democracy, initiative and enthusiasm are very closely interrelated. He analyzed the harm caused by the absence of democracy as follows: "We would take offense at being called undemocratic. But were we to examine ourselves carefully, we would find that such is actually the case.

Leadership agencies, individual leaders, party members and cadres do not dare to speak out even though they have opinions to express and are afraid to criticize others even though they want to voice criticisms.

Therefore, there is a gap between the upper level and the lower level. The masses and the party are very far apart. The upper level thinks that everything is going well. The lower level does not dare speak out against anything.

They are unwilling to speak out not because they do not have opinions but because they think that the upper level will not listen to or consider what they have to say and because they might be 'branded' as being different.

Not daring to speak out, they keep things to themselves, which causes them to become indignant and discouraged. This gives rise to the habit of 'not saying something to a person's face, only talking behind his back,' to 'silence within the party, widespread gossip outside the party,' to indecisiveness and to other bad habits..." (Footnote 8) (Ibid., p 456)

He always reminded cadres not to forget that the people elected them to work for the people, not to exercise their power over the people, that to achieve success in society, three conditions are needed: good weather, geographical advantage and the sympathy of the people, the latter meaning a consensus among all the people and being the most important.

On the other hand, he taught that every citizen must clearly understand and fully exercise the authority and fulfill the obligations of being "a master of the state." Once a person has the authority to be a master, he must fulfill the obligations of a master. By taking steps to insure that every member of our society develops and by helping them to implement the rights of the citizen and the rights of freedom of the individual, our society must teach them the obligations of the citizen and the spirit of responsibility of the individual to society so that every individual is close to the state and considers the interests of the state, of society to be his own vital interests. Unity between rights and obligations, between freedom and responsibility, between the individual and society is the most important feature of the way of life we are building.

In guiding the formation of the new way of life, President Ho Chi Minh especially concerned himself with the spiritual life of our society. This concern was very clearly evident. It pervaded his great life of intense revolutionary activity, his literature, politics, art, thinking, ethics and so forth.

Immediately after the revolution, on 3 September 1945, during the first session of the government of the DRV, he established the pressing task of re-educating our people. He said that we must make our nation a brave nation that loves to work, a nation worthy of independent Vietnam. And, he suggested that "a campaign be launched to re-educate the people in diligence, frugality, honesty and integrity." With that, in each and every aspect of the spiritual life of our society, from the ideology, world view, philosophy of life, psychology and ethics of the Vietnamese and knowledge, skills and scientific and artistic values to the education system, the mass media and the other bases and institutions needed for the spiritual life of the new Vietnam, the guidance, the imprint, the constructive efforts and the thoughtful leadership of Uncle Ho were felt. He very clearly foresaw that the spiritual culture would play an increasingly prominent role in the formation of the new way of life as that which sets the standards of this way of life and that meeting spiritual needs would be more difficult and complex, would demand more intelligent and steadfast efforts than had been thought. It was as though he was

always a few steps ahead in his preparations. In keeping with the tradition of our forefathers, respect for the values that make a person, "love of country-love of family, love of others-love of oneself," and so forth, meant more than anything else in life. Our greatest advantage has always been the Vietnamese themselves, the Vietnamese of 4,000 years of an heroic civilization and more than 40 years—since the August Revolution—of being tempered in revolutionary struggle under the leadership of the CPV. The victory of the resistance against the United States for national salvation was the victory of the political line and the military line of Vietnam. At the same time, it was the victory of the culture of Vietnam, the dignity of Vietnam, the people of Vietnam. He taught us to preserve and develop upon this greatness, this major force in the cause of Vietnam. Because, "a nation, a party or a person that was great, was a major force yesterday certainly cannot be respected and praised by everyone today if their hearts are no longer pure or they fall victim to individualism." (Footnote 9) (Ho Chi Minh: "Selected Works," Su That Publishing House, Hanoi, 1980, Volume II, p 491)

In the work of transforming and building the spiritual life of our people, President Ho Chi Minh always stressed the national identity of the new way of life. As late as mid-1968, when discussing the writing and publication of books on "good persons, good work" with a view toward molding the new man and building the new life, he still reminded us: be careful, there are many Vietnamese who might not know their history, their country, their people or their very precious assets as well as foreigners do... If such a situation exists, the persons who perform propaganda and educational work must take charge.

President Ho Chi Minh concerned himself with guiding not only the substance of the new way of life, but also the methods and measures employed to build this new way of life. He attached importance to everything from the creation of the material and cultural bases of the new way of life to the transformation of backward customs and habits and the codification of the fundamentals of the new way of life. And, in keeping with Lenin's thinking that "only that which has become deeply ingrained in cultural life, in customs and habits can be considered as having been implemented" (Footnote 10) (V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1976, Volume 45, p 443), he taught that we must persist until everything good becomes established practice, becomes universal habits within our society.

President Ho Chi Minh offered specific advice concerning matters tantamount to laws in the process of building the new way of life, such as the relationships between the material and the spiritual, between the traditional and the modern, between the public and the private, between acting on one's own and being compelled to act, between ourselves and the enemy and so forth. For example, concerning the relationship between the traditional and the modern, he said: "Although we must adopt new

approaches, we "cannot sow rice and expect to harvest corn," that is, we should not violate the religious beliefs or customs of the people. We must study these customs before even giving consideration to adopting a new approach. And, concerning the relationship between acting on one's own and being compelled to act, he said: at a time when the majority of citizens do not understand and are not leading the new life, we absolutely should not force them to do so. At that point in time when the majority of our fellow countrymen are leading the new life and only a small number are not, despite constant urging, we can then use compulsion and force them to do so. We should not "be so impetuous that we destroy what we are attempting to do." We should not slowly educate the people through propaganda but then use our power to force them to immediately abandon the offering of sacrifices, a long-standing custom or throw the paper articles used in ancestral rituals which they just bought at a market into the fire, thus making everyone mad. Nor should we levy fines and write in ink on the foreheads of illiterate passers-by. All such things are a "joke." They would only cause us to be hated and would serve no useful purpose, etc.

"For the past several decades, our people have had to focus their efforts on fighting the enemy. Therefore, we have not been able to do much by way of building our life. However, once victory has been won over the Americans, the main tasks of the revolution will be to find better solutions to the problems of food, clothing, shelter, transportation, education, the prevention and treatment of disease... In summary, our main tasks will be to constantly improve the material and spiritual lives of the people." (Footnote 11) (Ho Chi Minh: "Selected Works," Su That Publishing House, Hanoi, 1980, Volume II, p 448) In keeping with the teachings of President Ho Chi Minh, we are actively building the socialist way of life under the specific conditions of our country and strongly developing the role played by subjective factors in order to apply existing objective factors in the most effective manner possible, gradually lay the material and cultural foundations of the new, socialist way of life and gradually make this new way of life a universal habit within our society.

At present, our country is experiencing many difficulties. Besides economic problems, we also face very pressing problems regarding ethics and the way of life. "In our society, a struggle is taking place between two ways of life: a wholesome, loyal way of life based on ideals, a life lived through one's labor, a life of respecting and protecting public property and looking after the interests of the collective and the country and a pragmatic, deceitful, selfish and parasitic way of life, a life spent chasing after money." (Footnote 12) (The Political Report of the Party Central Committee at the Sixth Congress, TAP CHI CONG SAN, No 1-1987, p 76) We must actively wage this struggle and bring our new, socialist way of life to victory.

How happy it makes us to know that, in this struggle, we still have and are continuing to follow the wise and thoughtful guidance of the revered Uncle Ho.

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**Toward the 70th Anniversary of the Great October Socialist Revolution: The New Economic Policy:
The Policy To Restore and Develop the
Commodity Economy of the Proletarian
Dictatorship State During the Period of Transition**
42100001j Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 43-48, 54

[Article by Le Hong Tam]

[Text] Understanding how Lenin applied the doctrine of Marx in his new economic policy is of practical significance to us as we study and attempt to resolve the theoretical and practical problems of the socialist revolution during the period of transition in our country. Below, we have presented some of the results of our research.

Concerning its theoretical base and methodology, Lenin said: "Marxism forces us to give attention to the relationships among the classes and to the specific characteristics of each historic opportunity and to give them attention in a truly close and objective manner that can be verified. We Bolsheviks still constantly try to meet this requirement, an absolutely necessary requirement from the standpoint of formulating a scientifically based policy." (Footnote 1) (V.I. Lenin: "Marx, Engels and Marxism," Su That Publishing House, Hanoi, 1959, p 401)

According to Marxist political economics, the relationships among the classes within the economy are expressed as economic relations. With the establishment of the proletarian dictatorship, the relationships among the classes in Soviet Russia changed. The proletariat not only held political power, but also held power in the key fields of the economy. However, this did not mean that it was possible to immediately abolish the small-scale commodity production of peasants and small industry and handicraft production, which were forms of production that played an exceedingly important role within the national economy and were fields of economic activity in which more than 80 percent of the population—the strategic allies of the working class in the socialist revolution—participated. The real economic power of the proletarian dictatorship state under nationalization was very small and its backward technical base had been heavily damaged in the war. For these reasons, a period of transition was necessary, in which, from an economic standpoint, the commodity economy was restored and developed through economic policies of the proletarian dictatorship state aimed at building the socialist economy. This was the scientific base of the new economic policy.

Concerning the grain tax policy, Lenin said: "The question of substituting a tax for surplus grain appropriation is primarily and mainly a political question, for it is essentially a question of the attitude of the working class toward the peasantry. We are raising it because we must subject the relations of these two main classes, whose struggle or agreement determines the fate of our revolution as a whole, to a new or, I should perhaps say, a more careful and correct re-examination." (Footnote 2) (V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1977, Volume 43, pp 68-69) After analyzing the political, economic and social relationships between the working class and the peasantry and drawing from this analysis that the advance to socialism could not be direct but had to be accomplished through a series of special transitional measures, Lenin asserted that the Soviet state must do everything it can to encourage small farm production. He said: "The grain tax is one of the modest measures to be taken in this direction, but it is a measure that will undoubtedly provide such encouragement, and we certainly ought to adopt it." (Footnote 3) (Ibid., p 101) Lenin said that the prerequisite to the development of the commodity economy of peasants was "free trade." (Footnote 4) (Ibid., p 266) He acknowledged that free trade would inevitably lead to the development of spontaneous, petty bourgeois forces, to development of capitalism. However, he pointed out that, under the conditions of the proletarian dictatorship, when the state controls the arteries of the commodity economy, that is, finance, banking, commerce, wholesale trade and foreign trade, and the production forces of large-scale industry, there is no reason to fear the spontaneous forces of the petty bourgeoisie, even when they develop. Lenin stressed: "One way is to try to prohibit entirely, to put the lock on all development of private, non-state exchange, that is, trade, that is, capitalism, which is inevitable with millions of small producers. But such a policy would be foolish and suicidal for the party that tried to apply it. It would be foolish because it is economically impossible. It would be suicidal because the party that tried to apply it would meet with inevitable disaster." (Footnote 5) (Ibid., p 267)

However, Lenin did not stop there. He charted the path of development of the commodity economy of small-scale producers in the form of state capitalism as a cooperative economy. He said: "Under Soviet power, state capitalism might be three-fourths of socialism." (Footnote 6) (Ibid., Volume 36, p 313)

Explaining the cooperative economy, Lenin said: "When a cooperative is but a small island within capitalist society, it is a small store." But, "if cooperatives become universal within a society, a society in which land has been socialized and shops and factories have been nationalized, they are socialism." (Footnote 7) (Ibid., p 197) Concerning the attitude of the proletarian dictatorship state toward the cooperative economy, Lenin said: "Soviet authorities must supervise the activity of the cooperatives to see that there are no fraudulent practices, no concealment from the government, no abuses. In no

circumstances should they hamper the cooperatives, rather, they should help and promote them in every way possible." (Footnote 8) (Ibid., Volume 43, p 302)

There was no other purpose to allowing the private capitalist economy to operate, including allowing private individuals to lease thousands of medium and small-scale industrial enterprises that had been nationalized during the period of the war time communism policy, than to rapidly restore and develop industrial production in order to produce industrial goods and establish normal commodity trade with the peasant economy. In commerce, the proletarian dictatorship state used capitalists as traders, paying them a commission, so that they sold products to the state and procured products from small producers for the state.

While recognizing and encouraging the development of the private commodity economy under various forms of state capitalism, Lenin did not forget to stress the role of management by laws of the proletarian dictatorship state. He assigned the people's courts the task of "strictly supervising the activities of private businesses in industry and commerce but not impede these activities in any way. At the same time, however, they must very harshly punish even the slightest intention to violate the law(...)" and educate the broad mass of workers and peasants so that they voluntarily, quickly and effectively participate in supervising respect for the law." (Footnote 9) (Ibid., Volume 44, p 413)

Also on the basis of the view that the production and circulation of commodities should be developed within the economy of the period of transition, Lenin pointed out that "it is necessary to change our attitude toward the problem of combating profiteering. We must foster 'proper' trade, which is one that does not evade state control. It is to our advantage to develop it. But profiteering, in its political-economic sense, cannot be distinguished from 'proper' trade. Freedom to trade is capitalism. Capitalism is profiteering. It would be ridiculous to ignore this. What then should be done? Shall we declare profiteering no longer punishable? No. We must revise and redraft all the laws on profiteering and declare all pilfering and every direct or indirect, open or concealed evasion of state control, supervision and accounting to be a punishable offense (and, in fact, prosecuted with redoubled severity). It is only by presenting the question in this way(...) that we can succeed in directing the rather inevitable but necessary development of capitalism into the channels of state capitalism." (Footnote 10) (Ibid., Volume 43, p 285)

Recognizing the role and importance of commerce within a commodity economy, Lenin asserted that the proletarian state must become a cautious, resourceful and able "employer," a diligent trader, otherwise the proletarian state will be unable to restore, from an economic standpoint, a small-peasant country. Consequently, he spoke about that one special link in the chain

which the proletarian state must make every effort to control. That link was promoting home trade under the correct regulation (guidance) of the state.

To accelerate the process of restoring and developing heavy industry on the basis of modern technology under the conditions of little capital and backward technology, Lenin not only advocated borrowing money from capitalist banks and expanding trade relations with capitalist countries, but also proposed concessions as one of the forms of state capitalism. Lenin's reasoning concerning concessions was that under circumstances in which the proletarian state controlled ownership of national resources, even if it was necessary to allow foreign capitalists to earn large profits, including extraordinary profits and super profits, the state would still benefit by virtue of the fact that its industrial production forces would increase immediately or within a short amount of time. The proletarian state would have at its command a volume of industrial goods with which to carry out normal commodity trade with the peasant economy, thereby stimulating the restoration and development of the commodity economy of peasants, which, as presented above, was of utmost importance.

In the multi-segmented economy of the period of transition, the state-operated segment of the economy plays an increasingly important role. However, within a commodity economy, state-operated economic units cannot be isolated. Rather, they must have economic relations with the other segments of the country and must comply with the laws of a commodity economy. Concerning this matter, Lenin pointed out that "the implementation of the system called economic accounting by enterprises is necessarily and closely linked to the new economic policy(...). In actuality, this means that when free trade is permitted to exist and develop, state enterprises, to a rather important degree, operate on the basis of trade, on the basis of capitalism. This situation is the result of the need to quickly raise labor productivity and insure that each enterprise earns a profit instead of incurring losses." (Footnote 11) (Ibid., Volume 44, p 419) This also means that socialist enterprises are commodity production-business enterprises, that their losses or profits are closely linked to the development of the real economic forces of the proletarian dictatorship state and, therefore, that the socialist segment of the economy can play the dominant role within the economy of the period of transition. For these reasons, Lenin maintained that it was necessary to "increase the independence and initiative of every large enterprise from the standpoint of how it uses cash and its materials." (Footnote 12) (Ibid., Volume 43, p 401)

Above, we have presented a very small portion of Lenin's arguments concerning the new economic policy. It can be seen that the new economic policy was an economic policy of the proletarian dictatorship state aimed at restoring and developing the commodity economy, an economy consisting of many different socio-economic segments, during the period of transition.

However, it would be a serious shortcoming on our part to not discuss the very important fields of a commodity economy, namely, finance, monetary activity, banking and foreign trade, fields in which Lenin had a special interest, because these are economic fields that must be controlled by the proletarian dictatorship state in order for it to create its real economic forces and its economic-political power. During the very first months of the Soviet administration, the proletarian dictatorship state issued a series of decrees not only to establish public ownership of land, the communications-transportation system and the large enterprises of the bourgeoisie, but also to take control of the very important fields of the commodity economy nationwide. These decrees dealt with finance, the nationalization of the banks, the reform of the banking system, monetary and credit policy and the state's exclusive rights in foreign trade.

Concerning finance, Lenin advocated financial centralism based on a unified finance policy and the reform of the tax system in order to redistribute income, establish a budget for the proletarian dictatorship state and establish a finance system that actively supported the restoration and development of the economy and culture and the practice of thorough frugality.

In the field of banking, private banks were nationalized and placed within the system of national banks. According to Lenin, it was necessary to reorganize the banks into public accounting centers within the socialist system. Above everything else, real progress had to be made in increasing the number of branches and offices of the people's bank, in mobilizing deposits in the bank, in creating the conditions for the public to easily make deposits and withdrawals and in eliminating the need for the public to "stand in line."

In the field of monetary activities, basic reforms were made, reforms designed not only to raise the value of the ruble, but also to appropriate the wealth of those who had become rich during the war. Within a commodity economy, commodity trade is closely tied to the circulation of money. For this reason, Lenin stressed that "the circulation of money is a splendid test of the state of commodity circulation in the country; when it is unsatisfactory, money is not worth the paper on which it is printed." (Footnote 13) (Ibid., Volume 43, p 79) And, when stressing that "commodity trade must become the principle means by which grain is collected," he also pointed out that commodity trade is "a test of whether or not the relationship between industry and agriculture is correct. It is also the foundation of everything involved in formulating a relatively correct monetary policy." (Footnote 14) (Ibid., Volume 43, p 330)

In the fields of financial and monetary affairs, Lenin was also especially interested in establishing reserves and using the gold of the proletarian state. He personally guided the formulation of the financial plan and the plan for the issuance of paper money in 1922.

With international trade necessary for economic development and Soviet Russia needing to expand its trade relations with the capitalist countries, Lenin asserted that it was necessary for the state to assume exclusive rights in foreign trade in order to effectively protect the country's economy. Considering foreign trade to be an integral part of the commodity economy in the period of transition, Lenin demanded that the cadres engaged in foreign trade seriously study foreign trade in order to become proficient in their work.

Although the new economic policy was a policy designed to restore and develop the commodity economy during the period of transition, this never meant that the role played by planning in economic management was reduced or negated. According to Lenin, "the new economic policy does not change the unified economic plan of the state nor does it go beyond the limits of this plan. It does, however, change the measures through which this plan is implemented." (Footnote 15) (Ibid., Volume 54, p 131)

Lenin was the first person to apply planning in the day to day economic management of the proletarian state. But he, more than anyone else, deeply understood that within a capitalist commodity economy, finance, money, banking and foreign trade are fields of the economy monopolized by state monopolistic capitalism, are the real economic strength and the economic-political power of the ruling bourgeoisie. Having seized power, the proletariat would be powerless if it did not control the fields of finance, money, banking and foreign trade in order to utilize them in the struggle against the capitalist economy and to build the socialist economy. In other words, finance, money, banking and foreign trade had to become real economic forces and the economic-political power of the proletarian dictatorship state, the utilization of which was of decisive significance in the restoration and development of the commodity economy during the period of transition. Whereas the new economic policy resulted in remarkable achievements for the economy of Soviet Russia, it must be stated that the Soviet state, under the direct leadership of Lenin, made very correct use of finance, money, banking and foreign trade. The policies promulgated in these fields reflected the correct application of the laws of a commodity economy and must be considered an integral part of the new economic policy.

It must also be recognized that Lenin's new economic policy was not limited to the economic-political and economic fields, but also extended to the economic-technological field.

Lenin's argument concerning the new economic policy also encompassed a trend of development tantamount to a law of a commodity economy consisting of many different segments during the period of transition. In this period, together with the development of socialist industry, the state-operated economy increasingly assumes the position of dominance, the cooperative economy of

small-scale commodity producers gradually makes the transition to large-scale, socialist production and the private, capitalist economy disappears.

In order to provide an additional basis for the presentation made above, we feel that it is also necessary to further state that through the adoption of the new economic policy, Lenin applied in practice the arguments he made when participating in the draft of the New Program of the Russian Communist Party(b) at the extraordinary 7th Congress held in March 1918, the program which evaluated the gains made by the great October Socialist Revolution and defined the tasks of the party in the period of transition from capitalism to socialism. Lenin's arguments were: "We have only just taken the first steps toward shaking off capitalism altogether and beginning the transition to socialism. We do not know and we cannot know how many stages of transition to socialism there will be(...). The program of a Marxist party must be based on facts that have been established with absolute certainty(...). The development of exchange and commodity production have become a dominant historical phenomenon throughout the world and led to capitalism. This capitalism has developed into imperialism. This is an absolutely definite fact(...). That imperialism begins the era of the social revolution is also a fact, one that is obvious to us(...). The abandoning of the analysis of commodity production and capitalism as though it were old rubbish is not dictated by the historical nature of what is now happening, since we have not gone farther than the first steps in the transition from capitalism to socialism." (Footnote 16) (*Ibid.*, Volume 36, pp 61, 62, 63) These arguments give us additional grounds for stating that the economy during the period of transition is not only characterized by the existence of many different socio-economic segments, including the capitalist segment, but is also a commodity economy. At the extraordinary 7th Congress of the Russian Communist Party(b) in 1918 and for several years thereafter, Lenin, while personally leading the implementation of the new economic policy, had to wage a very bitter and highly convincing struggle concerning this issue against "leftist" tendencies within the party on its highest level of leadership, tendencies which held that the new economic policy was a "petty bourgeois" concession, was a matter of "yielding the battlefield to class enemies." The representatives of these tendencies were persons who were once his comrades-in-arms.

The final works written by Lenin before he passed away show that he contributed as much as he possible could to this struggle and bequeathed to us a complete body of theory on the economy and economic management during the period of transition. It can also be said that the new economic policy and the achievements it brought about in the economy of Soviet Russia were products of the struggle waged in the field of theory to defend and creatively develop the doctrine of Marx in the realities of the socialist revolution and socialist construction.

The Important Changes Within the Economic Mechanism in the Soviet Union
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[Article by Dinh Phuong]

[Text] The restructuring campaign in the Soviet Union, most importantly the restructuring of the management mechanism as well as the restructuring of planning, has been and is a very intense campaign, particularly since the 27th Congress of the CPSU.

Within the scope of this article, we will only discuss a number of the most basic aspects of this campaign:

1. Restructuring Planning

It can be said that the largest, most basic and most significant aspect of the restructuring campaign is the restructuring of planning. One of the serious mistakes in planning is that planning has long been based on a policy of allotting capital and materials. At the same time, meeting and exceeding plan quotas have been considered the highest and most comprehensive standards for evaluating the results of an enterprise's operations. This approach has had harmful consequences. Most importantly, it created a habit on the part of the lower level of trying to request very large amounts of capital and materials while trying to "defend" a low plan target. Those who have managed to get their way have been able to "sit back and take it easy," that is, to work and play but still receive large bonuses. Those who have had to accept a high plan target have carried a heavy burden and incurred losses. Those who have voluntarily accepted a high target under their plan have become "fools." A very paradoxical situation has existed in the outskirts of Moscow, where there are 17 livestock production units. Those units producing a low or average milk output have been ranked first and awarded bonuses for completing their plans because they accepted a low target under their plan (2,000 kilograms of milk per dairy cow per year). Conversely, the other units, which produce as much as 4,970 kilograms of milk per dairy cow per year have been ranked last and reprimanded for not completing their plan. They failed to complete their plan because the target they had to accept was very high (5,000 kilograms of milk per dairy cow per year). This planning mechanism has been revered for many years. With such a mechanism, where can the forces be found to stimulate the development of society? Clearly, this planning mechanism is unacceptable and must be dismantled. In practical terms, such a method of planning has weakened the role of the plan and caused economic stagnation. Dismantling this mechanism and replacing it with a new, dynamic and effective planning mechanism so that planning truly becomes the center of the management process, these are recognized needs and, at the same time, very basic goals in the Soviet Union's process of restructuring.

The changes made in planning are seen in the following main points:

First, central planning on the central level is being strengthened in the direction of increasing the role of the plan in guiding the implementation of socio-economic development strategy, providing macro-economic control in areas of major importance, insuring that the basic balances are maintained and establishing optimum ratios for the economy between, for example, capital formation and consumption, in the structure of investments in the various sectors of the economy and so forth while reducing, to the maximum degree possible, bureaucratic intervention by planning agencies on the central level in the everyday operations of production and business units, reducing the number of highly detailed and unrealistic legally binding norms and revising planning methods and plan norms along the lines of thoroughly developing the potentials of the country, encouraging enthusiastic and creative labor and raising labor productivity, economic efficiency and product quality. Secondly, the autonomy of enterprises and federations of enterprises is being increased in order to allow them to be as creative as possible in their production and business while holding them accountable for the final results of their production. Enterprises and federations of enterprises are not only autonomous from the standpoint of their plans, finances, labor (including the selection of the director) and so forth, but also have the authority to enter into economic ties with other enterprises and federations of enterprises, including with foreign enterprises, and sign economic contracts, both supply contract and product marketing contracts. On the basis of these economic contracts, production and business units formulate their plans. At the same time, they sign economic contracts on the basis of the targets of their plan.

The state must adopt appropriate procedures and policies aimed at creating the conditions for enterprises and federations of enterprises to earn the highest possible profits while insuring that the economy develops in the direction of the state plan. This provides close inspection and control on the macro scale. At the same time, it provides for dynamism and diversification on the micro scale, which is currently considered to be the most effective direction to take.

Thirdly, the plan is being combined with the use of market relations. This change is based on the new perception of the characteristics of the Soviet economy. Although the Soviet Union has recorded major achievements and attained a high rate of development over the past 70 years, in the current stage, the socialist economy in the Soviet Union still bears the characteristics of a commodity economy. Consequently, consideration must be given to the impact of the law of value and the application of this law in the management process.

Combining the plan with the use of market relations essentially entails reducing the scope of vertical relations and concentrating on those key relations that serve as the

main axes of the economy and within which planning can be employed in its most effective way while expanding the vertical relations among production and business units. The state will control these vertical relations through indirect tools in the form of a system of leverage policies. These policies are the policies on finances, credit, banking, prices, taxes, profits, etc.

This is a very difficult field. These steps, however, are steps that must be taken because there is no other choice. Success or failure depends upon the following several factors:

—Clearly recognizing the relationship between the plan and the use of market relations in each field, in each sector, in each locality and during each period of time, including how the plan and the use of market relations support and stimulate each other and how they impede and work against each other.

—Clearly recognizing the role, the scope of influence and the characteristics of planning within the socialist commodity economy, that is, within an economy in which the law of value still exerts a significant impact, as well as the role and characteristics of the law of value within an economy that is based on public ownership of the means of production and is under the leadership of the Soviet administration, that is, within an economy in which the prerequisites needed for planning already exist.

—Clearly defining the conditions and capabilities for applying planning as well as market relations, which include the effectiveness of the apparatus, the ability of cadres to respond quickly, economic reserves, the technical means supporting management...

2. Reforming Distribution and the Policy on Providing Incentive To Work

The basic goal of the new economic thinking is to develop each potential of the country, beginning with the creative potentials of the worker. The Soviet Union has given very much attention to its policies concerning workers and worker collectives. A new labor law is being drafted on the basis of the views of combating egalitarianism and implementing the principle of distribution in accordance with labor. The most important reform, a reform which touches the "economic nerve," is the reform of the salary and wage policy. For many years, the Soviet Union had a very strict limit on wages, no more than 350 rubles. Today, the wage fund is closely tied to the results of labor and is not dependent upon the size of the staff. In the Soviet Union today, there is no maximum limit on bonuses. It has been accepted as principle that persons and collectives who perform better work can enjoy a better material life, even that outstanding workers can become rich. At the same time, there are appropriate economic penalties for individuals and collectives who perform poor work. The "firing of workers" and the "bankruptcy of enterprises" are considered possibilities in the Soviet Union. Although these matters

have been relatively strongly asserted in the process of recognizing and researching these possibilities, the testing of these ideas in practice is still marked by caution because these are important matters and represent a new view which demands appropriate forms of application as well as consideration of the consequences, economic as well as social.

3. The Reform of Finance and Credit

In finance, a basic change has occurred. The collection of a percentage of profits has been replaced by the collection of taxes. The production and business operations of enterprises were previously based on the principles, costs paid by the state, profits collected by the state and losses subsidized by the state. This mechanism did not encourage enterprises to practice frugality, improve the management or make technological improvements because, if an enterprise cut its costs and raised its profits, the major portion of these profits went to the state, that is, the state benefited but the enterprise did not benefit by much. Today, all enterprises must pay taxes and are responsible for all losses and profits in the production and business process. This is a correct approach to the relationship among the state, the enterprise, manual workers and civil servants. It increases the pressure upon enterprise leaders, increases the vitality of the entire enterprise and draws enterprises into expanded reproduction based on making optimum use of the enterprise's material, financial and labor reserves. It encourages the application of scientific-technical advances as well as enthusiasm on the part of the individual worker and worker collectives. When enterprises have financial autonomy and pay taxes, it is bound to occur that some enterprises will have more money than they need and others will not have enough. Thus, the need for credit has truly come into being and the banks can play a positive role in stimulating the production and business of basic units. Enterprises have long been operating without any concern whatsoever for finances, because, if they ever lacked money, it would be allotted to them by the bank. Today, banks must also practice cost accounting. Credit will be provided to the right place with priority given to units which operate efficiently. A true reform campaign is needed to change all the ways in which the banks operate.

4. Reforming Prices

This is an exceedingly complex matter because prices are not simply an economic issue, but are closely related to the most complex political and social questions. The price system exerts an impact from one sector to another, a reciprocal impact, an impact upon many different strata and levels and is affected not only by the difference between domestic supply and demand, but also by changes on the world market. Setting prices incorrectly allows lazy persons to become rich while hard working persons remain in need and poverty. Setting prices is difficult but managing prices is even more difficult. For this reason, at a time when a very bold reform campaign

is under way in a rather large number of fields within the Soviet Union, a very high degree of caution is being displayed in the field of prices. This is a necessary approach, one which reflects a serious attitude. It can be said that everything concerning the reform of prices is still in the testing stage. However, the following several observations can be made:

—The state established a unified price system long ago and has always managed prices very closely, sometimes allowing prices to remain unchanged for a long period of time. This resulted in irrational practices. On the one hand, the state determined the scale of production on the basis of estimating the needs of the people and set prices (wholesale prices) on the basis of production costs. On the other hand, the needs of the people were dependent upon the use value created. Therefore, supply and demand were usually not in balance and the extent to which they were not in balance could only be learned through market relations. When imbalance developed between supply and demand, production and prices were adjusted very slowly because decisions to make these adjustments had to be made through many different echelons. Moreover, the light attention given to the relationships between money and goods, particularly to regulating production through these relationships, and rigidity in price management caused stagnation and inefficiency, caused goods to be scarce at one place but backlogged at another. Therefore, the reform of the price system and the price management of the Soviet Union is aimed at controlling the prices of basic products and insuring the stability of the economy and social life. The prices of other products are to be set by basic units themselves (in accordance with the principles set forth by the state). The state will set the prices of products of the national defense industry, set public transportation charges, the prices of electricity and water, housing rental rates, the prices of grain, food products, children's clothing and so forth. Due to its social policy, the Soviet Union will set very low prices for children's clothing and the state will subsidize these prices. Thus, in pricing and the management of prices, the Soviet Union will implement a clear division of responsibilities and give much more attention to use value and the relationship between supply and demand.

5. Using the Various Segments of the Economy and "Socialist Competition"

In a number of fields, particularly the services and the traditional handicraft trades, the Soviet Union now permits cooperatives, self-employed persons cooperating in business and individuals to use their personal vehicles as taxis. Private individuals may open food and beverage counters. Cooperatives may organize production and open counters to market their products. This is a reform of economic law based on some very practical assessments, namely, that in the Soviet Union today, the role of the cooperative and self-employed segments of the economy is still significant in a number of fields. Consequently, it is necessary to abandon "serious prejudices

toward the subsidiary household economy and private labor, which have caused considerable economic and social harm" (Report by Gorbachev at the 27 January 1987 Plenum of the Party Central Committee). This reform will make full use of the potentials and skills of cooperatives and self-employed persons and make the micro economy more dynamic and diverse. It will also create a "competitor" of the state-operated economy and provide the stimulation needed for the state-operated economy to be more dynamic, to be less authoritarian and stagnant. The Soviet Union has also raised the issue of the need for competition among state-operated enterprises. This competition is, of course, socialist competition. Without competition, it will be difficult to apply scientific-technical advances. Many persons maintain that two medium size corporations operate better within a given area than one large corporation. The problem faced here is to select the proper form and extent of competition. Assisting and encouraging one another to achieve higher overall efficiency, these are the goals that socialist competition must meet. Many other socialist countries have also raised this issue and introduced different forms of competition.

At present, the Soviet Union is removing the restrictions upon private production activities. At the same time, it is creating favorable conditions for the development of these activities. The establishment of cooperatives within the different fields of production and the services is also being encouraged with a view toward meeting the needs of the people better. Specifically, to achieve the target of each family having its own apartment by the year 2000, housing construction by cooperatives and private individuals is being expanded through preferential credit and the supplying of materials from stockpiles. The capital invested in capital construction has been increased by 10 percent, thus permitting the construction of more than 9 million square meters of additional housing in 1987.

6. Adopting a New Approach to Organizational and Cadre Work

Above everything else, the Soviet Union has been stressing the fact that reform means taking determined steps to correct stagnant processes, dismantle the mechanism that has impeded development and establish an effective mechanism for accelerating socio-economic development, one which closely ties the achievements of the scientific-technological revolution to the planned economy, and utilizing all the potentials of socialism. Of course, organizational work and cadre work are of special significance in this regard.

In its organizational work, the Soviet Union's first concern is to insure that the basic organizations of the party possess the fighting strength and the courage they need when struggling against negative phenomena, arrogance, conspiracy, the lack of organization, the lack of discipline, drunkenness, dishonest ways of becoming

rich, parochialism, departmentalism, localism and bigotry. In administrative management as well as in production and business, fundamental changes must occur in party work and the work of the mass organizations. The party conferences held on the various levels must truly be worthy of their role.

Organizational work must have the aims of creating the conditions for and applying forms of organization and management under which each worker feels that he truly is the owner of the enterprise. Only when this is achieved will workers contribute the full measure of their intelligence and talents to society. The issue with which the worker is most concerned is usually who leads the enterprise. Therefore, the Soviet Union has attached special importance to the procedures by which the leaders of enterprises, basic production and business units, production units and farms are elected. Ever since the Soviet Union introduced full economic accounting, the system of self financing and the recovery of capital by enterprises themselves and the system of state-level product testing, workers have not been indifferent about who leads them because the welfare of the collective as well as their own welfare are dependent upon the talents of their leaders.

Significant changes are occurring in the way that leadership cadres are elected, even within the agencies of the party. Many persons have suggested that the secretaries of the party organizations, including the first secretary, must be elected by secret ballot at a plenary conference of the party organization executive committee on the same level, that is, that elections of the leadership agencies of the party as well as the other social organizations be democratized.

In cadre work, a host of problems is also being faced. Most importantly, there must be a prompt solution to the problem of elderly cadres on the Political Bureau and Central Committee in order to insure proper succession and augment the leadership with young forces. Next, there are the needs to constantly make cadres stronger in the fields of politics, ideology, ethics, theory and practice; to combat degeneration and special rights and privileges; to purify the party's corps; to not allow any party member on any level to stand outside or above the law; to not allow any party member to stand outside the process of criticism and self-criticism; and to harshly deal with acts of retaliation against cadres.

The Soviet Union considers democratization and openness to be basic measures in its new approach to organizational and cadre work. A new Code of Criminal Law will be drafted with a view toward providing fuller conditions for the new development of Soviet society, more effectively protecting the interests and rights of the Soviet citizen and strengthening the order and discipline of society.

This year, the Union of Soviet Socialist Republics is a full 70 years old. The path it has travelled has been long. The Soviet Union is now changing its approach in order to move further ahead and make more rapid progress. It would be a mistake to say that everything in the Soviet Union is perfect or that the reform has achieved success in every field. However, it would also be a mistake to not see that fundamental factors guaranteeing the success of the reform campaign have emerged in the Soviet Union.

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Research-Exchange of Opinions Concerning the Product Contracts in Agriculture: Products Contracts and the Management Mechanism Within Agriculture in Our Country

421000011 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 55-58

[Article by Nguyen Dinh Nam]

[Text] The product contracts with groups of laborers and individual laborers in agriculture have now been in existence for 7 years. However, there are two differing opinions concerning these contracts. One is that product contracts are a positive phenomenon that have helped to strengthen production relations and stimulate the development of production forces within agriculture. The other is that product contracts are a negative phenomenon that have eroded and weakened production relations.

To our way of thinking, each of the above assessments only stresses one aspect, either the positive or the negative, of product contracts and fails to take into consideration that these contracts are both positive and negative in nature and to state which aspect is basic to these contracts. On the other hand, both of these assessments are, to some extent, confined to product contracts themselves and do not view product contracts as a part of the economic management mechanism, in general, or the agricultural management mechanism, in particular.

The limited nature of the above assessments is one of the reasons why product contracts, in particular, and the agricultural management mechanism, in general, have been improved slowly in our country.

I. The Actual State of the Agricultural Management Mechanism in Our Country and the Birth of Product Contracts with Groups of Laborers and Individual Laborers

In recent years, besides the achievements that have been recorded, the development of our country's economy has been slow and unstable. The standard of living has been improved slowly and the people are experiencing many acute difficulties in their everyday lives.

The shortcomings described above are due to many reasons. These include a failure on our part to correctly apply the laws of nature, the economy and society to the specific characteristics of the initial stage in the period of transition to socialism in our country.

Ours was the simplistic thinking that in order to establish socialist agriculture, we had to immediately organize large cooperatives, state farms and state-operated stations. The household and small-scale production economies in the countryside and the private economy, instead of being encouraged and helped to develop, shrunk. As regards equipping with material-technical bases, we were impetuous and wanted to quickly mechanize agriculture. Management and planning were a matter of forcing and pressuring farmers into doing things. In addition to paying taxes, they also had to make many other contributions and payments. In particular, a system of agricultural product and material prices that worked to the disadvantage of producers was maintained for too long. Within cooperatives, the quota system, the three contracts with units and the piecework contracts with cooperative members were not tied to the final product of the laborer. In the late 1970's and early 1980's, the economy, in general, and agriculture, in particular, encountered many acute difficulties. Crop and livestock yields and outputs declined. Production failed to meet the needs of consumers. The income and living conditions of cooperative members declined and were unstable. More than 70 percent of agricultural cooperatives were rated average or weak and deficient. Many cooperatives had, for all intents and purposes, disbanded. Farmers, feeling no allegiance to their cooperatives, abandoned their fields. In the face of this situation, many cooperative looked for a way out by entering into many different forms of "under the table" contracts with families. As a result, the issuance of Party Secretariat Directive 100 on product contracts with groups of laborers and individual laborers received the support of and was actively implemented by large numbers of farmers, thus helping to stimulate the development of agricultural production, especially grain production. The living conditions of farmers have begun to be improved.

Clearly, the product contracts with groups of laborers and individual laborers within agriculture are an appropriate economic form, are a specific form of organization and remuneration consistent with conditions under which the majority of labor is manual labor. These contracts make it possible to hold the laborer accountable for the final product. They are based on the vital, legitimate interests of farmers and create strong incentive for them to concern themselves with developing production. On the other hand, however, these contracts are, by virtue of their very nature, completely different from the form of production once carried out within the households of private, small-scale farmers because they combine the household economy with the collective economy, combine the interests of the state and cooperatives with the interests of cooperative members better.

II. The Problems Associated with Product Contracts with Groups of Laborers and Individual Laborers

In the process of implementing product contracts, besides the strongpoints of these contracts, which predominate, various problems have arisen, such as "non-specific" contracts; some farmers have returned land originally accepted under contract or held back products; some material-technical bases of the collective are not being used and have deteriorated; and a split has developed among working farmers between rich and poor.

Thus, what are the causes of these problems and how should they be evaluated?

Let us examine, as an example, the phenomenon of using "non-specific" contracts. In rice production, according to the contract agreement, the cooperative performs five jobs and cooperative member households perform three. Whether this agreement is correct or not depends upon the specific conditions of each cooperative, that is, the material-technical base and the level of organization and management. Although the desire is for cooperatives to manage many jobs, the more the better, this does not always happen in practice.

Regardless of their strongpoints, the product contracts with farm families still lie within the scope of the small-scale production economy. These contracts have very many inherent limitations and the potentials mobilized under these contracts are very limited in scope. The phenomenon of farmers returning to their cooperative some of the land accepted under their contract tells us that cooperatives have not been providing families with a full supply of technical materials. On the other hand, it shows that cooperative member households do not have sufficient capital or technical materials to exceed their contract and practice intensive cultivation on a larger amount of land. They must accept less land so that they can exceed their contract. This is wholly consistent with the logic of intensive cultivation. In addition, agricultural taxes are unreasonable. The percentages of agricultural products which must be contributed or sold are too high and are raised by each level involved (cooperative, district and province). Farmers sell their agricultural products at very low prices. The prices of materials and consumer goods are constantly rising. Technical materials pass through many intermediaries before reaching the producer. This causes the quality of products to degrade and the quantity to shrink and results in late deliveries. All these irrational aspects of the management mechanism based on bureaucratic centralism and state subsidies combined with the negative phenomena in society have seriously affected the implementation of product contracts within agriculture.

The weaknesses and deficiencies in the organization and management of cooperatives, such as lax management, inaccurate contract quotas, unfair distribution and the poor skills and qualities of cadres, have also more than

slightly affected the implementation of product contracts. However, when examining and evaluating these aspects, we cannot fail to do so against the background of the conditions common to society.

III. Some Problems Faced in Researching Ways to Improve Product Contracts and Restructure the Agricultural Management Mechanism

Efforts to correct the shortcomings and build upon the positive aspects of product contracts cannot be divorced from the restructuring of the economic management mechanism, in general, and the agricultural management mechanism, in particular. The product contracts with groups of laborers and individual laborers are a new and progressive factor. However, they still lie within an outmoded management mechanism characterized by bureaucratic centralism and state subsidies and by decentralization, parochialism and localism, a mechanism which is giving rise to many negative phenomena in production as well as social life. The improvement of the product contract mechanism within agriculture is related to solving such general economic problems as adjusting the structure of the economy, strengthening material-technical bases and restructuring and reorganizing social production as well as the specific problems within the management mechanism itself (planning, economic accounting, economic levers, the management apparatus...). Here, allow us to present some of our thoughts.

1. The restructuring of the economic management mechanism demands the material-technical base needed to establish balance among the different elements of the process of expanded reproduction: balance between the production task and the needs for supplies, raw materials and energy; balance among money, wages, prices and goods; balance between capital formation and consumption; balance between production and the standard of living and so forth. These balances must be achieved under the conditions imposed by our current limited material and technical base and the targets, guidelines, requirements and measures involved in restructuring the economic management mechanism must be reasonable.

2. The restructuring of the economic management mechanism is related to the implementation of the three programs in grain-food products, consumer goods and exports goods. Thus, the relationship between the restructuring of the management mechanism and the adjustment of the structure of the economy must be such that efforts are focused on agriculture, on the production of consumer and export goods. Can we restructure the economic management mechanism without adjusting the structure of the economy? Which must be done first? Or, can we do them simultaneously? Adjusting the structure of the economy demands that a higher volume of materials and capital be provided to agriculture, with priority given to key sectors, areas and projects. On the other hand, restructuring the management mechanism

requires that we grant basic units much more independence in production. Thus, how should these two aspects be combined so that we can adjust the structure of the economy and also restructure the economic management mechanism.

3. The restructuring of the agricultural management mechanism is part of restructuring the overall management mechanism of the national economy. The restructuring of the agricultural management mechanism must comply with the targets, guidelines and principles for the restructuring of the overall management mechanism. However, it differs, in terms of economic, natural and social characteristics, from the restructuring of the management mechanism in other sectors. For example, agriculture is heavily dependent upon natural conditions, extends over a vast area, consists mainly of the collective economy and the household economy and its level of economic development varies widely (the commodity economy, the natural economy and so forth). Therefore, how do the requirements and measures involved in restructuring the agricultural management mechanism, in general, and the management mechanism within each economic segment and each area of the agricultural economy differ from those in the other sectors of the economy?

4. Within our country's agriculture, the vast majority of agricultural cooperatives and production collectives has implemented product contracts with groups of laborers and individual laborers (better understood as contracts with households). Objectively speaking, this is an appropriate form of contract, one which opens the way for the restructuring of the management mechanism within agriculture. However, in the process of implementation, many shortcomings and weaknesses have emerged. Thus, how should this form of product contract be improved? What can be done within each cooperative without needing to wait for the overall management mechanism to be restructured? What must be done at the same time as restructuring the overall management mechanism? What improvements can be made given the current state of material-technical bases? What kinds of investments need to be made in new material and technical bases in order to improve product contracts?

Another and no less important question is what are the prospects for product contracts in agriculture in the years ahead? We are now in the initial stage of the period of transition to socialism, the major characteristics of which are widespread small-scale production, the economy consists of many different segments, scales, forms and standards and socio-economic development varies among areas, localities and basic units, even among households. Thus, in view of the conditions associated with this transition, should the current form of product contracts be the only form in use? Or, should there be many other forms of product contracts, a broader variety of contracts that support one another and are compatible with the socio-economic conditions in our country at this time and aimed at more fully developing each

potential that lies in our arable land, labor, materials, capital and so forth? If this is necessary, what forms of management mechanisms correspond to these different forms of contracts? Examined from the perspective of planning and the division of management responsibilities, many different forms can exist simultaneously: three levels: the cooperative-unit-household or two levels: the cooperative-household (or, if a cooperative does not exist, the village-household or cooperative-unit-section...).

And, if this approach is taken, economic policies and economic levers (capital investments, taxes, prices, economic contracts and so forth) will also have to be changed so that we can, with our limited capital, materials and consumer goods, still develop production and improve the standard of living.

The improvement of product contracts within agriculture as well as the restructuring of the agricultural management mechanism and the restructuring of the overall management mechanism are exceedingly complex and closely interrelated problems. To succeed in these areas, we feel that it is necessary to conduct a truly objective review, conduct truly objective pilot projects and establish, on this basis, general management models and specific agricultural management models for areas and units that have different levels of development, models compatible with the actual conditions of our country today.

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Research-Exchange of Opinions on the Product Contracts in Agriculture: Improving the Product Contract Mechanism Within Agricultural Production Cooperatives

42100001m Hanoi TAP CHI CONG SAN in Vietnamese No 8, Aug 87 pp 59-64

[Article by Luu Quoc Thuong]

[Text] From 1960 to 1980, final product contracts with production units and piecework contracts with groups of temporary laborers and individual laborers were used in North Vietnam. Depending upon whether they exceeded or fell short of their contract, cooperative members received a bonus or were penalized at a rate based on the number of mandays worked by each person. These forms of contracts closely tied the interests of each cooperative member to the interests of the production unit's collective. Cooperative members tried to perform many different jobs in order to work many mandays and also tried to insure that the entire unit exceeded the cooperative's contract quota. By 1980, these forms of contracts had been gradually improved and upgraded (as evidenced at the Phu Ninh and Tan Hong Cooperatives in Ha Bac Province) into product based work contracts for production units (which were similar to the product based wage contracts at industrial enterprises). With this improvement, it was clear that the cooperative, production units

and each cooperative member benefited when all units exceeded the contract (through fair, in kind bonuses, also penalties). As a result, these contracts encouraged collectives and individuals to concern themselves not only with exceeding the contract of their unit, but also with overall results, thereby displaying a high spirit of responsibility and a high sense of socialist collectivism.

The product based work contracts for production units should have been improved in three areas:

—Labor quotas and workpoint standards should have been scientifically based instead of being based on experience or empirical statistics (with the aim of implementing the principle of distribution in accordance with labor).

—Incentives should have been provided to cooperative members to endeavor to raise yields and output while reducing costs per quintal of product.

—These contracts should have been combined with improving production, finance, labor and other plans, strengthening labor discipline, raising the standards of organization and management and the spirit of responsibility of cooperative cadres...

In practice, however, coordinated improvements were not made in these three areas. We were not conscious of the need to apply the system of objective economic laws in order to improve the agricultural management mechanism.

The form of contract in use in agriculture was improved slowly in the directions mentioned above in order to make this form consistent with the level of development of production forces. However, piecework contracts and the transition to product based work contracts for production units were specific expressions of production relations and were compatible with the nature of production forces.

But instead of continuing the use of product based work contracts for production units and improving and strengthening these contracts in order to advance the cooperativization movement, we shifted to product contracts, which, as seen at many places today, are essentially "non-specific" contracts.

The "product contracts" in use in agriculture today are irrational in several respects:

1. Their form is not consistent with their content. Production relations are not consistent with the nature and level of development of production forces.

In the more than 20 years that we have been following the guideline of carrying out cooperativization in conjunction with mechanization, the production forces within agriculture have been strengthened to some degree. Machines now play the main role in strenuous

and important jobs. In the process of mechanizing agriculture, difficulties have been encountered at times (particularly during the war years) in certain aspects of jobs, on entire jobs and on many different jobs at once. However, because production relations were suitable and the form of organization of collective labor as well as the size of cooperatives were also suitable, agricultural machines were increasingly used over a large area and produced practical results. Since shifting to product contracts (under which the primary organizational unit is the household), fields have been cut up and become decentralized, which is not suited to large-scale, mechanized production. This has limited and reduced the scope of the use of machines in agriculture.

The Ministry of Agriculture report summarizing the 25 years (1960-1985) of agricultural mechanization stated: "At present, product contracts with individual laborers are being implemented. But some cooperatives have not organized production well and this has given rise to 'non-specific' contracts. Fields have been cut up into small pieces and the farming seasons (of households) differ. Thus, support cannot be achieved through mechanization. Tractors can now be used in both dry fields and wet fields but the conditions must be right: dry fields must have the proper degree of moisture and the water in wet fields must be at the required level. Therefore, water conservancy plays the decisive role. If cooperative members do not drain fields well and fields are not uniformly dry for dry land plowing during the 5th month-spring season, some plowed soil will be muddy but other soil will be dry. During the 10th month season, fields are plowed while wet but cooperative members do not put enough water into fields for them to be completely plowed. The consequences of both of these phenomena are the same: fields are not plowed well, fuel costs are high, machines easily break down..." In recent years, the amount of area plowed by tractors has declined at some places (for example, the amount of area plowed and harrowed by tractor in Que Vo District, Ha Bac Province, declined from 40 percent in 1980 to only 4 percent in 1984). In addition to machinery, which is an important factor of production forces, granaries and drying yards, the infrastructure of production, have also been disappearing under the new contracts. A number of machines other than tractors, such as transplanters, seeders, combines, corn and bean harvesters and so forth, which are products that our industry is fully capable of manufacturing, are also being produced in limited numbers because each household is carrying out production on small fields. Clearly, backward production relations, the specific form of which is the "product contract," have impeded the development of production forces.

2. The influence of "product contracts" upon socialist production relations.

Under the impact of the "product contract" mechanism, the substance of production relations has changed in three respects:

1. Collective ownership and private ownership are intertwined.
2. Labor is both private and collective and cooperative member households are managing production themselves on the fields they accept under contracts.
3. Distribution is in accordance with labor and not in accordance with labor.

We know that the "product contract," particularly at average and weak cooperatives, is essentially a "non-specific" contract with households. Consequently, the ability to make investments varies very widely from one household to the next. This has led to different production results and different incomes. Some persons are in need, some persons have more than they need. Persons in need are likely to be in debt, buy things when they are expensive, sell products when they are cheap and lack food, which reduces their ability to work. Persons who have more than they need are able to make loans, buy things when they are cheap, sell products when they are expensive and consume in abundance. As a result, their ability to work increases. This situation persists from

one season to the next, from one year to the next and creates a division between rich and poor, which is the first step toward the division of the class.

Our simplistic thinking also shows that in order for farmers to earn a profit through their labor (that is, not by investing additional fertilizer, but only by plowing or harrowing a few more times), they must at least have such farm implements as harrows and have cattle in order to do a good job of raising rice.

This allows us to state that only poor cooperative members invest more or an equal amount of labor as they do means of production in production on the fields they accept under contract in order to exceed these contracts. Cooperative members who have much capital and are astute will invest more in means of production and reduce the number of mandays they work compared to their contract requirement. Statistical data (published by the Ministry of Agriculture) compiled through an investigation of 2,315 households in seven provinces concerning the additional amount of labor and fertilizer invested in production and the amount by which contracts were exceeded per hectare of land under the cultivation of 10th month rice in 1982 show:

Province	Number of Households Investigated	Percentage over Contract(%)	Additional Investment of Fertilizer, Manpower Compared to Contract Requirement (%)			Ratio of Increased Nitrogen to Increased Mandays
			Manure	Nitrogen	Mandays	
Ha Nam Ninh	126	24.2	10.5	34.7	25.2	1.4 : 1
Hai Hung	192	23.2	42.6	124.7	27.5	4.5 : 1
Haiphong	304	59.3	12.3	24.7	6.5	3.8 : 1
Vinh Phu	122	17	27.2	45	20.3	2.2 : 1
Ha Bac	1072	28	16	61	8.5	7.1 : 1
Thanh Hoa	265	27.5	34	34.4	32	1.06 : 1
Phu Khanh	234	12.7	5.9	26.6	6.5	4

A comparison of the increase in nitrogen fertilizer compared to the increase in labor also shows that cooperative members (in these seven provinces) have leaned toward raising their rice output more by increasing their means of production than by increasing the number of mandays worked. Taking this a step farther, from an investigation of how rich and poor cooperative members have

increased their material costs and labor and the corresponding results in the distribution of income, we clearly see that the relationships involved in the ownership of means of production determine distribution relations. Additional Investments by Cooperative Members and Income During the 1985 5th Month Season at the That Gian Cooperative in Que Vo District:

	Additional Investment (%) Materials (+)	Mandays (-) (+)	Output Above Contract (%) (+)	Profit Compared to Extra Money Invested (%) (+)	Profit Compared to Income per Manday (%)	Income per Manday in Paddy (kg)
10 Wealthy Households	+70.8	-17.6	83	6.8	386	5.88
10 Above Average Households	+57	-11.5	63	6	267	4.2
10 Average Households	+20	- 5	29.4	2.9	115	2.19
10 Poor Households		+ 5.9				0.92

(Profit compared to income per manday was calculated by subtracting the additional capital invested from the value of the output produced over and above the contract)

If the additional capital invested were capital of the collective and the total output of paddy (output over and above contracts plus contract output) were managed exclusively by the cooperative and distributed on the basis of the total number of mandays worked, the average income per manday would have been 3.3 kilograms (3.6 times more for poor families, 1.5 times more for average families), thus reflecting the principle of distribution in accordance with labor. Another unreasonable aspect of these contracts is that cooperative members are allowed to keep all of the output they produce over and above their contract but do not incur such production costs as the cost of seed, field preparation and so forth, management costs or contributions to cooperative funds (these costs should be assessed per quintal of product; in actuality, however, they are all absorbed by the collective). As a result, these costs are deducted from the amount distributed per manday and the funds of the collective, thus violating the personal interests of average and poor cooperative members and the overall interests of the collective. This has led to less formation of capital by the cooperative, a gradual decline in the value of the manday and even the failure to maintain the planned value of the manday.

Cropland is the primary means of production within agriculture. However, the nature of cropland ownership alone does not determine the nature of production relations. Rather, production relations must be examined from the overall perspective of ownership relations, labor relations and distribution relations.

In labor relations (which include management relations) among cooperative members, cooperation in labor has gradually disappeared, first in three jobs, then in five, six, seven and eight jobs in crop production, livestock production and the other sectors and trades. When discussing agricultural cooperatives, we must first examine their internal relations. Is there cooperation in labor among cooperative members and are households under the unified management of the collective? Product contracts as they are being used at many cooperatives today

are essentially "non-specific" contracts with cooperative members. From the first to the last job in the production process (from the production of seed to harvesting) cooperation in labor has been reduced to cooperation within a single household. Production plans are plans in form only. Economic-technical standards have been overturned. Cooperative management boards have become persons who charge and collect land rents. Centralized, unified management has been replaced by the spontaneity of the individual household.

In distribution relations, because the "product contract" has restored private ownership of the means of production and private labor, inequality in ownership has again exerted its impact and inequality in labor, instead of being reduced by a division of labor and cooperation of labor, is just as it was prior to agricultural cooperativization. The results of this return to the past is, of course, that the nature of the distribution of products within the cooperative has changed accordingly. The "product contract" mechanism has allowed individual cooperative members to bring private ownership into common production. Recently, shareholding of the kind found at capitalist enterprises (those who own many shares receive large profits) has been introduced. At the same time, more jobs have been turned over to the individual cooperative member to perform. This policy has created the conditions for distribution to increasingly favor the individual interests of persons who have much capital.

The totality of the production relations created by the "product contract" mechanism has led to uneven development in production among cooperative member households due to their different investment capabilities, to some households earning a high income and becoming increasingly rich. Conversely, some households are earning a low income, are experiencing shortages and are in debt to the cooperative. A number of households have had to borrow money at high rates of interest and sell their rice crops before they matured. The division into rich and poor will divide the class itself

in the process of competition between collective ownership and private ownership and competition between common labor and remuneration and private labor and remuneration.

A sociological survey conducted by the Institute of Sociology of the Social Sciences Commission in 1983 leaves us with deep impressions.

a) The opinions of 610 farmers at two cooperatives in Thai Binh Province concerning the investment of implements and labor in the five jobs (who made the greater investment, the collective [c] or the family [f]):

	(Percentage of Opinions)				
	Field Preparation		Irrigation/ Drainage		Fertilizer
	C	F	C	F	C
Dong Co Cooperative	45.2	41.9	26.6	56.6	34.2 28.9
Dong Duong Cooperative	40.1	43.2	38.9	42.8	84.4 15.2
Average	42.4	42.5	32.7	49.7	64.3 22
					11.3 79.4
					13.5 70
					26.4 58.1
					39.4 62.6
					28.4 60.5

b) Indebtedness at the Dong Duong Cooperative:

—Borrowed money: 51 households—19.8 percent; borrowed paddy: 89 households—34.6 percent.

—Borrowed both money and paddy: 38 households—14.8 percent.

—Total number of households in debt: 178—69.2 percent.

Average amount of money borrowed per household: 1,440 dong; average amount of paddy borrowed per household: 129.4 kilograms.

c) Living standards (1983 compared to 1975):

	Better (families)	Same (families)	Worse (families)	No Opinion (families)
Food	13	12	11	10
Clothing	23	22	21	20
Shelter	33	32	31	30
Transportation	43	42	41	40
Children's education	53	52	51	50
Village construction	63	62	61	60
Cultural activities	73	72	71	70

The deviations and negative phenomena associated with production relations must be more deeply investigated and researched. However, their origins are related to the "unimproved" aspects of "product contracts."

3. The struggle to determine "who triumphs over whom" between socialism and capitalism must begin with the form of organization of the socialist economy, that is, with public ownership of the means of production and the collectivization of labor to the extent permitted by historical circumstances (the proletarian dictatorship plus actual mechanization capabilities). Only on this basis is it possible to effectively apply the system of socialist economic laws, develop production, raise labor

productivity, rapidly increase national income and win victory for socialism. The current use of "product contracts" as "non-specific" contracts erodes the necessary preconditions, namely, collective ownership of the means of production and collective labor, under which zeal and enthusiasm enrich the individual laborer and are the forces behind the acceleration of production, and, in the end, only provides incentive to those who have a material advantage. And, these persons, under the simple impact of the law of value in commodity production, will also withdraw from production when they see that profits are low. In actuality, there has been a rush to produce rice, with light attention given to subsidiary food crops and the development of the trades. However,

for more than a year, this zeal and enthusiasm have not been the moving forces behind the development of rice production. As a result, the rate of increase in the output of grain has seriously declined since 1986 compared to the years between 1981 and 1985.

Above, we have analyzed the unimproved and irrational aspects of "product contracts." This analysis shows us that it is necessary to modify this contracting mechanism, beginning with its most basic and essential elements. The measures taken to improve the use of these contracts over the past several years have not yielded the desired results because we have not dared to squarely face the truth, have not examined essential problems in order to take corrective measures. Therefore, in our opinion, a transition must be made from the "product contract" to piecework contracts for production units (which are primarily partial product contracts for groups, not a matter of assigning to each individual who accepts a contract every job from the start to the end of the production process or, in other words, not a "nonspecific" contract). Piecework contracts are a progressive form of contract that is consistent with the nature and level of development of the production forces within our country's agriculture today. This form of contract has been in use in the Soviet Union for nearly 60 years, where it has been gradually improved to remain consistent with the level of development of production forces.

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Letter to the Editorial Board
42100001n Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 65-68

[Letter from Pham Van Tuan]

[Text] Dong Nai, 10 April 1987

Dear Editorial Board,

As I read the article by PhD Dang Thu entitled "Concerning the Human Factor in the Economic Development of a Country," which was published in the Review in February 1987, I noticed that there are some points deserving of attention. Kindly permit me to express my thoughts on this subject. In addition, I would like to take this opportunity to ask the Editorial Board to convey my regards along with my thoughts (presented below) to the professor.

What attracted my attention the most was the professor's observation concerning statistical chart number 4 in the article.

The professor writes: "Concerning the distribution of income within countries, we see that while a country is still poor, the gap between the rich and the poor is quite wide. When this country becomes prosperous, this gap is reduced to only about eight times."

In my opinion, the professor makes an inaccurate conclusion. And, this conclusion easily causes the reader to have a vague understanding of the class contradictions within the developed capitalist countries...

Observations deduced from a chart (chart 4, in this case) should not be incomplete. It is a mistake to only use the relative comparison of the statistics in the chart (4). In my opinion, it is the absolute difference in income that should be analyzed.

The way that the statistics are presented in the chart (4) is deceptive. They present average income for an entire group. And, an attempt is made to fit within these groups equal households. This is also done for the purpose of reducing the differences in income. While I do agree with the chart itself, I would like to present an absolute comparison of these differences in income and show the consequences of such a comparison.

Let us assume that the total national income of a particular country in the year 19.. is A1 dollars.

Population group (1)+ makes up X1 (percent) of the population.

Population group (2)+ makes up Y1 (percent) of the population. (Note: Group (1)+ consists of the households with the lowest income. Group (2)+ consists of the households with the highest income)

The absolute difference in income between these two groups is:

$Y1A1 - X1A1 = (Y1-X1)A1 = B1A1 + B1$, which is the percentage difference between the incomes of the two groups (2) and (1) in the year 19..

Let us call the national income of this country in 1 year in the following period A2.

Population group (1) makes up X2(percent) of the population.

Population group (2) makes up Y2(percent) of the population.

The absolute difference in income between the two groups is:

$Y2A2 - X2A2 = (Y2-X2)A2 = B2A2 + B2$, which is the percentage difference between the incomes of the two groups (2) and (1) in this year.

Now, let us compare the two quantities B1A1 and B2A2 in the following cases that might occur:

a) If $A2 = A1$

B2 declines compared to B1 - B2A2 B1A1. This means that the country's economy has stagnated and a change has occurred in the distribution of wealth within society. This is only possible when group (2) yields to group (1) under political pressure.

b) If A2 A1

B2 declines compared to B1 - B2A2 B1A1. This means that the country's economy has collapsed and that groups (2) and (1) have changed places in the distribution of social wealth. This, too, can only occur when group (2) yields (or loses completely) to group (1) in a political change.

c) When A2 A1, there are three cases that can occur. Here, for the purpose of analysis, I am using the ratio:

$$B2A2 / B1A1$$

+ In the first case, B2 is smaller than B1 by a number of times greater than the number of times A2 increases compared to A1:

$$(B2A2) / (B1A1) \text{ is less than } 1$$

This means that when the country's economy develops more slowly than the decline in the percentage difference between the incomes of group (2) and group (1), the absolute difference between the incomes of these two groups also decreases. This can only occur when the state has a progressive policy for promptly balancing income or group (1) effectively brings pressure to bear upon group (2).

+ The second case:

B2 is smaller than B1 by a smaller number of times than A2 increases compared to A1:

$$(B2A2) / (B1A1) \text{ is greater than } 1$$

This means that the country's economy is developing more rapidly than the percentage difference in income between groups (2) and (1) is declining. Thus, the absolute difference in income between group (2) and group (1) is increasing. This case is the most likely to occur because states usually do not balance income promptly. In societies in which the wealthy class is in power, this is understandable.

An example of this case is: let us assume that a nation has a national income of A1 = 2 billion dollars in year 19..

After 30 years, it reaches a national income of A2 = 5 billion dollars. (The average annual rate of growth being 5 percent). Corresponding to those years, we have:

$$X1 = 3.2 \text{ percent and } Y1 = 46.6 \text{ percent}$$

$$X2 = 7.2 \text{ percent and } Y2 = 37.2 \text{ percent.}$$

Thus, B1 = 43.4 percent and B2 = 30 percent.

The relative difference in income between group (2) and group (1) in the year 19.. was B1A1 = 868 million dollars. The figure for 30 years later is B2A2 = 1.5 billion dollars, 920 million dollars more than in the year 19..

Thus, group (2) has gained 920 million dollars in income and can say: "Today, we are only 5 times richer than you. Years ago, we were more than 15 times richer than you. Let us now work together to build the country and stimulate the development of the economy. The time will come when we are equal in every respect (including economically) and not need socialism..."

The third case is the rarest of all. Here, B2 declines compared to B1 by the exact number of times that A2 increases compared to A1. And, when this occurs, the result is:

$B2A2 / B1A1 = 1$. The absolute difference in income does not increase and, consequently, the standard of living of group (1) is better than it was before.

In summary, what is my purpose in presenting the above observations? I wish only to point out one thing: we must be thorough in our analysis when evaluating and making observations concerning events. Nothing of what I presented above is new. Because, the fathers of Marxism-Leninism completed the task of examining capitalism. I am only worried that our understanding of the theory of Marxism-Leninism is less than complete and that the observations presented by me above are without foundation. Thus, I look forward very much to receiving the thoughts of the Editorial Board and even the thoughts of Professor Dang Thu.

Lastly, I would like to wish the Editorial Board success in its task and ask it once again to not forget to assist me with my understanding of this matter.

My communist greetings to the Editorial Board,

Pham Van Tuan.

Reply

After TAP CHI CONG SAN published my article entitled "Concerning the Human Factor in the Economic Development of a Country" in issue No 2-1987, I received comments from readers that were forwarded to me by the Editorial Board. I would like to thank and applaud readers for their deep interest in the country's situation, in theory and particularly in the thoughts expressed in the article.

Reader Pham Van Tuan (Dong Nai), while making no observations concerning many of my arguments in the article, does have many thoughts concerning Chart 4 (under Point 7 in the article), which dealt with income differences among the various population groups.

Tuan

- a) Does not endorse my "attempting to fit within these groups equal households" for purpose of comparison,
- b) Maintains that "it is a mistake...to only use relative comparisons,"
- c) And asserts that "absolute difference in income should be used for purpose of comparison."

And, Tuan says that my observation that when a country becomes rich, the difference in income is reduced to only eight times (between the richest 10 percent of its households and the poorest 10 percent) "easily causes the reader to have a vague understanding of the class contradictions within the developed capitalist countries" and that if this kind of comparison is used, the capitalist class can say: "The time will come when we are equal in every respect (including economically) and not need socialism"...

I would like to reply to Tuan as follows:

1. My intention in presenting Chart 4 was not to discuss class contradictions, but only to point out that paying equal wages does not provide incentive to good and highly skilled workers. In the Soviet Union, the difference between the lowest and the highest wages is 10 times. In other countries, the difference in income among the various strata of the population was very wide years ago. Now that these countries have become rich, the difference is still 8 times. Therefore, the difference between the lowest and the highest wages paid in our country must also be 8 to 10 times (no less).

2. However, had Tuan analyzed Chart 4 and the differences in income among households more carefully, I could then make the following observations:

a) Tuan is concerned with the absolute differences in income. And, through his calculations, he reaches the conclusion that following many years of development, although the relative difference among the various population groups declines, the absolute difference increases.

I am not opposed to this method of comparison nor do I feel that such a comparison is unnecessary. In my article, however, I wrote only one sentence and presented only one chart on income. Thus, not much was said on this issue. However, it must also be recognized that even in the socialist countries, following several decades in which the economy has grown many times, this absolute difference among the various strata has also increased.

b) Moreover, Tuan makes a mistake in his calculations. He presents the example of a country whose national income is 2 billion dollars and growing at the average annual rate of 5 percent and says that national income will reach 5 billion dollars after 30 years. Actually, if it

grows at an average annual rate of 5 percent, the economy will double in size once every 14 years. And, after 28 years (not 30) the 2 billion becomes 8 billion! On the other hand, he considers national income to be the income of citizens. Actually, the income of citizens takes up only about 60 percent of national income.

c) Tuan does not support the approach of dividing households into groups that represent 10 percent of the population. Thus, in my opinion, he misses an important opportunity in his analysis and his thinking. We cannot only be concerned with the richest and poorest groups, but must also give attention to the larger strata in the middle. Let us take a look at the income percentages presented in Chart 4 (for Sweden, for example, from 1949 to 1979) and assume that per capita national income has risen from 1,000 dollars to its current level of 10,000 dollars (60 percent of which is the income of citizens). If the poverty level in the past was 800 dollars per person per year, 80 percent of households lived below the poverty level. If, now that the country has become prosperous, the poverty level is 2,000 dollars, 10 percent of households are classified as poor. If the poverty level is 3,000 dollars, 20 percent of households are poor. If it is 4,000 dollars, 30 percent are poor. The same method of calculation applies to the middle strata.

This shows us how useful this method of analysis is!

3. Were someone to say that the economy of the Soviet Union has been in a "virtual recession," in a "pre-crisis state" during the 1970's and 1980's, he once would have been quickly denounced. But when this is said by Gorbachev (see: NHAN DAN Newspaper, 3 July 1987), many persons are confused.

In the current process of adopting new thinking, we will become less confused as the days pass.

I thank Pham Van Tuan very much.

Dang Thu

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The Economy of the Developed Capitalist Countries During the First Half of the 1980's
421000010 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 69-74

[Article by Nguyen Dieu]

[Text] During the first half of the 1980's, the economy of the capitalist countries faced fundamental difficulties.

Foremost among these was the gradual decline in the rate of economic growth. According to data compiled by the office of the Organization for Economic Cooperation and Development (OECD), the rate of growth of the gross social product of the 24 capitalist countries in this organization declined from 4.6 percent (1971-1973) to

2.7 percent (1974-1979) and 1.9 percent (1980-1984). In industrial production, a similar situation occurred: the rate of growth of industrial production of the OECD member countries during the periods mentioned above declined from 5.9 percent to 1.8 percent and 1.1 percent.

The unfavorable development of production directly affected the volume of trade among these countries. The rate of increase in the volume of goods exported by the developed capitalist countries also declined significantly.

This situation was directly controlled by two factors. First, there was the imbalance caused by the problems with energy and raw materials. As everyone knows, in the second half of the 1970's, a series of measures were taken by bourgeois governments, such as planning energy development, accelerating the production of anthracite coal, oil shale and geothermal energy, developing nuclear energy and so forth with the aim of correcting this imbalance. In practice, however, the difficulties encountered by the developed capitalist countries with energy in the early 1980's remain virtually unresolved and the difficulties with raw materials still have not been overcome. The second factor was a continuous decline in capital formation. This decline began in the 1970's and lasted until the first years of this decade. The 1980-1982 cyclical economic crisis caused this problem to become serious.

However, following the 1980-1982 crisis, economic activity in the capitalist countries intensified and investment activities increased sharply, particularly in the United States and Japan. However, many bourgeois economists still maintain that, from the perspective of the entire system, the partial improvement in the investment situation during the period following the crisis has not been large enough to lay the groundwork for development in subsequent years.

The unstable development of the industrial sectors, which is another difficulty of the capitalist economy, is seen in the following two areas of major importance:

First, there was a serious decline in production during the years of the crisis and this decline spread across many important sectors to varying degrees. In 1982, the production of all industrial sectors of OECD member countries declined: coal production: -0.1 percent; petroleum and natural gas production: -4.2 percent; machine manufacturing: -4.1 percent; chemicals and oil refining: -3.9 percent; textiles: -4.1 percent; shoes and ready-made clothing: -3.1 percent.

The extent of this decline in industrial production varied from country to country and region to region. The United States suffered the sharpest decline (-8.2 percent). Japan experienced the smallest decline.

Secondly, the recovery following the crisis was not a uniform recovery in all sectors and regions. Some sectors grew while many others remained in recession. In early 1983, recovery occurred in practically all the sectors of the processing industry in the majority of these countries. Meanwhile, recovery did not begin in the mining industry until late 1983 and early 1984. In some Western European countries, such as the United Kingdom and France, the coal mining industry remained in a state of crisis until 1984.

The unstable development of the industrial sectors directly affected the development of many other sectors of the economy.

The third difficulty was the uneven development of agriculture. Following the 1980-1982 crisis, many bourgeois economists were surprised and concerned. They were surprised because this cyclical crisis had not caused significant harm to agriculture. While 1982 was considered the worst year for the industrial sectors, in agriculture, the amount of area under cultivation and output continued to increase. This was different from what occurred during previous cyclical crises. And, their concern was: will this crisis result in terrible consequences? This concern became reality: in 1983, the agriculture of the capitalist countries declined sharply. According to FAO, the grain output of the countries outside the socialist system declined by 7 percent (by 18.9 percent in the United States and 4.4 percent in Canada) in 1983. During the past 3 years, the agricultural situation, in general, and grain production, in particular, in the capitalist countries have improved somewhat but output still has not reached projected levels.

Despite difficulties, the material and technical bases within agriculture in the capitalist countries continued to develop. This laid the ground work for limiting the losses of agriculture during the crisis. The increased use of electronic computers, especially small computers suited to the conditions of farm owners, became a universal trend in practically all of the developed capitalist countries, thereby helping farm owners to closely follow the growth cycle of crops and livestock, keep abreast of changes on the agricultural market, increase the efficiency of agricultural operations, etc. The United States, the United Kingdom and Japan were the countries that took the lead in the use of this type of equipment. Necessary technical measures were also widely applied with the aims of building up the soil and maintaining soil fertility without destroying the environment.

However, the practical aspects of capitalist agricultural development during the first half of the 1980's revealed many contradictions. The most important was the contradiction between the steadily increasing output of agricultural products and unfavorable overseas markets. This is considered one of the direct causes of the outbreak of the agricultural products war on the capitalist market. This contraction can only be resolved if the

United States and the other developed capitalist countries give serious consideration to the grain and food product needs of the hundreds of millions of persons in the developing countries through a fair trade policy. The second contradiction arose from the widespread application of the achievements of the green revolution. For more than a decade, this revolution has also been sharply revealing its own limitations. Technology and biotechnology also demand new approaches that are consistent with the new stage of the scientific-technological revolution.

Continuing difficulties in the field of money and credit exerted a considerable impact upon the economy of the capitalist countries. As we know, with the establishment of the Bretton Woods system, the supremacy of the U.S. dollar was recognized in practical terms. For 30 years (1944-1974), the U.S. dollar played the role as the central currency within the capitalist monetary system. The basis of this strength was the enormous industry and the economic might of the United States, which were the strongest within the capitalist system.

During the 1970's, due to the serious decline in its economic position together with the domestic and foreign economic and political difficulties of the United States, the dollar weakened seriously. Ruling circles in Washington tried to prop up the dollar on many different occasions, but never with any success.

Since the early 1980's, the Reagan administration has sought to strengthen the dollar through many pragmatic and radically chauvinistic policies. They hope that by returning to a strong dollar, the United States will return to its position in the world and its advantages in the 1950's and that its difficulties in the monetary field will come to an end. However, such will not be the case. The "strong dollar" of the early years of this decade is not the strong dollar of the 1950's. The strength of today's "strong dollar" is based on the selfish monetary policy of the United States, a policy criticized by many countries, including the closest allies of the United States.

It can be said that, during the 1960's and 1970's, the relationship between the dollar and the other key currencies, such as British pound, the Japanese yen, the German mark and the French franc, was a relationship that moved in the same direction. That is, when the dollar grew in strength (as it did in the 1960's), the other currencies also became stronger. Conversely, when the dollar weakened (as it did in the 1970's), the other currencies were also weakened.

In the early 1980's, the relationship between the dollar and the other key currencies within the capitalist monetary system changed completely: it became a relationship of movement in the opposite direction. That is, when the dollar has been strengthened (of course, not on the basis that it was in the 1950's), the other key currencies have weakened and vice versa.

In recent years, to protect their currency against attack by the dollar, many developed capitalist countries have taken a variety of measures, such as raising interest rates, carrying out industrial redevelopment and so forth, in a direct struggle against Washington. However, facts show that the situation has still not been improved. The "drop by drop" concessions policy of the United States on the interest rate issue is not strong enough to lay the groundwork needed to return to sound monetary relations in the future. Moreover, the huge debts of the developing countries, which total roughly 1 billion dollars, and their inability to repay these debts have been and are making the capitalist monetary situation worse.

Another difficulty of the economy of the capitalist countries is seen in the field of commerce.

It can be said that the difficulties encountered in commerce during the early years of the 1980's were the same difficulties encountered during the preceding decade, but were more serious.

The volume of international trade of the developed capitalist countries grew slowly. Compared to the other imperialist centers, the United States had the slowest rate of growth in foreign trade. This caused a panic psychology to develop within U.S. business circles. The Reagan administration took many steps to develop commerce, such as stimulating the activities of commercial banks, subsidizing prices through tax policy and rescinding regulations considered disadvantageous to international trade. However, the development of U.S. foreign trade in recent years has continued to be very unbalanced.

Besides this, there was a serious trade deficit in one country and a large trade surplus in another. The United States, the country possessing the greatest economic might, suffered the most serious trade deficit. The U.S. trade deficit was 25.5 billion dollars in 1980; 28 billion dollars in 1981; 36.5 billion dollars in 1982; 61 billion dollars in 1983; 107.6 billion dollars in 1984; and 190.2 billion dollars in 1985. Meanwhile, Japan had a steadily growing trade surplus: 20 million dollars in 1981 and 44.3 million dollars in 1984. This situation was the result of uneven economic development within each country and the result of various schemes carried out by financier circles. Attention must be given to the fact that the serious deficit of the United States in international trade is a reflection of the relative weakness of the United States in the field of international competition. On the other hand, however, it is also a calculated policy of U.S. ruling circles to buy goods on credit aimed at laying the groundwork for the reindustrialization of the United States.

Trade protectionism also increased sharply. The United States was the architect of a protectionist trade policy and the leader in its implementation. Many researchers maintain that this was one of the important reasons why the trade war among the United States, Japan and

Western Europe during the first half of the 1980's became so serious. In Western Europe and Japan, protectionist trade barriers of many different forms were also erected.

The establishment by the United States and its pressuring the other capitalist countries into establishing an embargo against the socialist countries also helped to increase the difficulties of the developed capitalist countries in the economic field.

Immediately after the 1974-1975 economic crisis, in order to reduce the difficulties being encountered in economic development, some developed capitalist countries, such as Japan and the Federal Republic of Germany, began a process of reforming the structure of their economy. It can be said that the Japanese monopolistic capitalists have been the most dynamic in the face of changing needs on the world market and the changes brought about by the scientific and technological revolution. Following them in this process have been the U.S. monopolistic capitalists.

Generally speaking, this reform campaign has begun to produce certain results. Despite contractions that have arisen, it has brought about advances in the development of production forces. Its impact will provide capitalist production with a qualitatively new material-technical base.

Another effort launched by the developed capitalist countries at the start of this decade was to implement the economic adjustment policy of state monopolistic capitalism. This has also been an important factor in the restructuring of the economy. To some extent, this factor helped to keep the economic situation in the developed capitalist countries from become worse during the early years of this decade.

In the 1970's, an economic adjustment policy based Keynesian theory was widely used in all the developed capitalist countries. During the first half of this decade, however, it has not been the only theory used. A combination of Keynesian theory, monetarism and supply-side theory became the theoretical base for various kinds of intervention by the capitalist state in the economy.

As analyzed above, the realities of economic development in these countries during the first half of the 1980's were not much brighter than during the previous decade. Many bourgeois economists and more than a few representatives of governments blamed this on the policy of directly intervening in the economy. They asserted that the cause of this situation was demand-side intervention by the state, the theoretical base of which is Keynesian theory. In many countries, especially the United States, the United Kingdom and the Federal Republic of Germany, intervention of this kind was bitterly denounced and there were demands that the government give private capitalists greater freedom to do business. It was on the basic of this thinking that a pragmatic economic

adjustment policy was formed. The most important milestone marking the ascendancy of this policy was the election of Reagan as president of the United States. Supply-side theory and monetarism are the backbone of this policy.

The proponents of supply-side theory advocate reducing the amount of direct intervention by the state in the economy by reducing government regulations to the lowest possible level and cutting taxes to encourage private individuals to increase their investments and accelerate capital formation.

During the first half of this decade, monetarism was used by the United States, the United Kingdom and the Federal Republic of Germany as the theoretical base of their monetary policy. It primarily entails monitoring and controlling the volume of money in circulation and using interest rates and exchange rates in the most flexible and effective manner possible. Taking advantage of its position as the issuer of the dollar—the dominant currency in international payments today—the U.S. used monetary policy as an effective tool in restoring the economy and bringing pressure to bear upon its allies. The high interest rate policy of the White House also came into being against this background. Of course, through monetarism, the United States and its allies were able to control inflation, a malady which bourgeois specialists considered the "dangerous enemy" of business circles throughout the 1970's. However, as we know, the cost of bringing inflation under control was a large army of unemployed. Their poverty "helped" to reduce inflation. But it was also through the implementation of this monetary policy that the United States became the cause of difficulties in the capitalist monetary field during the early years of this decade.

Meanwhile, the traditional economic adjustment policy continued to prevail in France, Japan and a number of other countries. This policy is based on Keynesian theory, the thrust of which is direct government intervention in the economy.

Another factor causing difficulties in the economy of the developed capitalist countries has been the impact of militarization of the economy. In accelerating the militarization of the economy, imperialist circles, especially the United States, have two main objectives. First, on the basis of strengthening military forces and modernizing the war machine, they hope to achieve military superiority over the Soviet Union and other socialist countries and become strong enough to unleash a war of aggression in any situation and at any place they choose. On the other hand, they hope, through military contracts and stronger political and economic ties between the state and monopolistic capitalists, that they will secure additional work and that the pressure from the army of unemployed will subside.

Rising military expenditures have had a dangerous impact upon the socio-economic situation. The serious budget deficit seen in many developed capitalist countries is the direct result of the process of militarization of the economy. In Reagan's first term, the federal budget was not balanced in any year. Today, the United States still has the largest budget deficit in the capitalist system.

According to some economists, about 12,000 persons lose their jobs for every 1 billion dollars spent on the military. During the first half of this decade, the publicly reported military expenditures of NATO and Japan average 45 billion dollars per year. Thus, more than one-half million persons lost their jobs each year.

From the above analysis, it can be concluded that due to the differences in their economic strengths and scientific-technical potentials, the differences in economic development among the leading capitalist countries will continue to be sharp. According to many predictions, Japan will continue to lead in labor productivity, the efficiency of capital utilization and the rate of economic growth, followed by the countries of Western Europe. Some U.S. forecasters maintain that during the period from 1985 to 1990, the GNP calculated at fixed prices (yearly average) will grow at the rate of 4.5 percent in Japan, 3.2 percent in the U.S. and 2.4 percent in the United Kingdom, the Federal Republic of Germany, France and Italy. Thus, uneven development among the capitalist countries will continue to be pronounced and the contradictions among these countries will become sharper.

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Asia-Pacific: Security and Cooperation
42100001p Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 87 pp 75-79,88

[Article by Kieu Nguyen]

[Text] In recent years, much of the focus of world opinion has been on Asia-Pacific. More than a few persons maintain that the 21st century will be the century of the Pacific just as the 19th century was the century of the Mediterranean and the 20th century was the century of the Atlantic. While this prediction might be somewhat exaggerated, it does indicate the strategic importance of this region in the development of the world for many decades to come.

The truth, however, is that Asia-Pacific did not just become important today. For approximately four centuries (from the 16th century until the first half of the 20th century, Asia-Pacific, with its roughly 50 million square kilometers of colonialized land, was the backbone of the colonial system of Western capitalism.

During the first 70 years of the 20th century, many major events that occurred in Asia-Pacific not only completely changed this region's situation, but also changed the entire comparison of forces in the world and international relations, in general.

Among these major events, the first that must be mentioned was the victory of the October Revolution. This, the greatest of these events, awakened the peoples of the East, revolutionized the nations of this region and led many nations of Asia to advance directly to socialism without experiencing the stage of capitalist development.

The second major event was the victory of the Soviet Union and its allies over fascism and militarism, which led to the collapse of the colonial system in the world. Whereas the imperialists had turned the countries of Asia into their first colonies, the collapse of this system also began in Asia. It is not surprising that the first elements of the non-aligned movement emerged in Asia or that the principle of peaceful coexistence advanced by Lenin was developed and applied for the first time in practice in Asia.

The third event to have a direct and strong impact upon the countries of Asia-Pacific was the scientific-technological revolution of the 20th century. The dual nature of this revolution was also first evident in Asia. The tragedies of Hiroshima and Nagasaki taught the people of the world a painful lesson about the exceedingly dangerous consequences that result when scientific-technical achievements are in the hands of powers who feel no responsibility to the survival of mankind. At the same time, it is Asia-Pacific that has shown the enormous productive forces that modern scientific-technological achievements can be when they are utilized in a constructive manner.

The fourth great event was the victory of the Vietnamese in their historic conflict with the U.S. imperialists, the ringleader of imperialism and the international gendarme. The defeat of the U.S. imperialists in Vietnam was the first and the largest defeat of the U.S. imperialists in their history. It not only overturned the global strategy of the U.S. imperialists, but also undermined the entire strategic deployment of the United States in Asia-Pacific. The monopolistic control of the United States in Asia-Pacific, a role that it had been playing since World War II, had come to an end.

Since the mid-1970's, along with the new, substantive leap forward in the development of the world situation, the capabilities and premises have emerged in Asia-Pacific for the establishment of a system of security and cooperation throughout the region.

First, from the military-political standpoint, with the defeat of the United States in Vietnam, the military-political influence of the United States in Asia-Pacific seriously declined for the first time since World War II. As the military and political presence of the United

States has declined, dictatorial regimes, all lackeys of the United States, have collapsed or experienced crisis. The growing trend toward peaceful coexistence and dialogue is gradually reversing the trend toward confrontation. This is an exceedingly important development if we recall that for more than 30 years, from 1941 to 1972, Asia-Pacific was the scene of three of the bloodiest wars ever fought, wars in which the most modern military technologies were used. They were: the war in the Pacific, the Korean war and the Vietnam war. This does not include dozens of other limited wars.

Together with the emergence of the trend toward peace, there has also emerged a movement against the arms race, most importantly nuclear arms. Asia-Pacific was one of the first regions in which proposals concerning the establishment of nuclear free zones were made. For example, there were the proposed South Pacific treaty and the Oceania Treaty; Indonesia's proposal to make Southeast Asia a nuclear free zone; a similar proposal by the Democratic People's Republic of Korea concerning the Korean peninsula; the three nuclear free principles of Japan; the nuclear free policy of New Zealand, etc. Among the large countries in Asia-Pacific that have nuclear weapons, the Soviet Union was the first country to declare that it will never be the first to use nuclear weapons and will never use nuclear weapons to attack countries that do not have nuclear weapons.

From an economic standpoint, the prospects for the region's development are even more promising. The fact that the 33 countries which lie on the two shores of the Pacific account for about one-half of the world's population is sufficient to show that this region possesses very large economic potentials. According to statistics, these 33 countries alone possess about 56 percent of the lead reserves, 47 percent of the zinc reserves, 41 percent of the nickel reserves, 37 percent of the cobalt reserves and 32 percent of the tin reserves of the entire world. The floor of the Pacific Ocean contains more than 30 percent of the petroleum and natural gas reserves of all the oceans. The region also has immense reserves of a number of strategic and rare raw materials.

The capitalist world considers Asia-Pacific to be the region of most dynamic development today. The region's rate of economic growth has averaged 6.5 percent per year over the past 10 years compared to 4.8 percent for Latin America and 3.7 percent for the European Common Market. This region accounts for approximately 50 percent of the total industrial output and trade of the capitalist world. In the 1980's trade among the countries of the Pacific has increased sharply. It now represents about 52 percent of the total exports and 54 percent of the total imports of these countries compared to 51 percent of the exports and 47 percent of the imports of the European Common Market, which is said to be experiencing the strongest process of economic integration in the capitalist world today. Investments of capital and technology in Asia-Pacific have risen very rapidly in recent years. From 1975 to 1982, direct

investments by American capitalists in Asia-Pacific increased 4.8 times while investments in Europe only increased two-fold. Direct investments in Asia-Pacific now rank first among the direct investments made by Japan overseas. The reasons for the strong influx of investment capital into Asia-Pacific are low labor prices, high labor productivity, high economic efficiency and a high profit margin.

Economic integration and cooperation in Asia-Pacific are making the transition from development in breadth to development in depth not only within the capitalist system. In recent years, despite many political disagreements and contradictions among the various groups of countries, trade and economic cooperation within the region have become very diverse due to the pressing needs of economic development, the limited ability of countries to solve the problems of security and development on their own and the fact that the scientific-technological revolution has caused the trend toward internationalization within the world economy and mutual dependency among countries to grow. Here, mention must be made of the cooperation between the Soviet Union and the countries which possess large economic potentials in Asia-Pacific, such as India, China, etc. The economic relations between the Soviet Union and the developed capitalist countries in Asia-Pacific, such as the United States, Japan, Canada and Australia, as well as the developing countries within the region are steadily expanding.

We would fail to see the full potential for development and cooperation in Asia-Pacific if mention were not made of the fact that this region is a focal point of the world scientific-technological revolution. Within the region are three leading scientific-technical centers of the world—Soviet, American and Japanese. In addition, the trend toward applying achievements of advanced science and technology to develop new production sectors or redevelop traditional production sectors is growing very rapidly in the countries of the region.

The above are very basic advantages. They do not, however, permit us to ignore the complex contradictions associated with the Asia-Pacific situation, which are the consequences of many decades of war and confrontation. This is the only region in the world where the interests of so many countries or groups of countries vie against one another. This is a region of very sharp contradictions and competition between the two most developed capitalist countries, the United States and Japan, and contradictions between groups of other countries within the capitalist world and these two imperialist countries. In addition, it is also the focal point of sharp North-South, South-South and East-West contradictions.

From the standpoint of security, Asia-Pacific is also more complex than Europe. This is a region in which practically all the largest countries in the world have a presence and interests. The arms race here, while not as

intense as in Europe, is potentially very explosive. Besides this, border, religious and ethnic issues within this region continue to be very serious contradictions and have a long past.

However, the difficulties and complications described above are not basic obstacles to cooperation in Asia-Pacific. These difficulties and contradictions demand that the solution of the problems of security and cooperation in Asia-Pacific be a long process in which we proceed from a low to a higher level and consideration is given to the legitimate interests of all countries. But this is not beyond reach if all countries bring good will to this effort. The basic obstacle to security and cooperation in Asia-Pacific is differing approaches to these issues.

The approach of the Reagan administration and the Nakasone administration represents the stand of those powers that advocate confrontation and the continuation of the cold war of the 1950's and 1960's. In the mid-1970's, the U.S. imperialists intensified their efforts to bring Japan and South Korea into their scheme to establish in the Far East a NATO-style military alliance. Nuclear weapons were sent to South Korea and, for the first time since World War II, Japan's national defense budget exceeded 1 percent of GNP. Japanese militarist powers openly demanded the repeal of Article 9 of the Japanese Constitution, which prohibits Japan from rearming, and the abandonment of Japan's three nuclear free principles. The United States and Japan looked for ways to exploit conflicts in Asia-Pacific in order to keep the situation within the region tense and made every effort to use the policy of aggression and expansion of some reactionary powers within the region to draw them into the arms race and the campaign against the Soviet Union, Vietnam and other progressive forces. The United States refused to sign the Oceania Treaty. Instead, it took punitive and discriminatory measures, even against New Zealand, an ally of the United States within ANZUS.

From the standpoint of Asia-Pacific cooperation, the policy of the United States and Japan also goes against the common interests of all countries of the region, including countries friendly to the United States and Japan. Hiding behind the billboard of economic cooperation, the United States and Japan have been attempting to establish a so called "Pacific community" with a view toward placing the economy of the countries of Asia-Pacific under the control of U.S.-Japanese capitalists. In the late 1960's, taking advantage of the trend toward cooperation in the Pacific, Japanese capitalists carried out economic expansionism in this region. Beginning in 1979, concerned over the growth of Japanese capitalists, the United states jumped in and joined Japan in a plan to establish the Organization for Pacific Trade and Development (OPTAD) with the aim of eventually establishing a Pacific economic community under the economic and military leadership of the United States and Japan. In the face of opposition from Australia, New Zealand and ASEAN to turning the Pacific community

into a military organization, the United States and Japan were forced to separate the economic and military issues, with Japan assuming responsibility for economic matters and the United States taking charge of strategic matters. In early 1985, following the meeting between the United States and Japan in Los Angeles, Japanese Prime Minister Nakasone was forced to present a new concept of the Pacific community, one which reduces its scope to the economic, scientific-technical and cultural fields. However, the ASEAN countries have been very cautious about endorsing this plan for U.S.-Japan style economic integration in the Pacific. They realize that this plan has no other objective than to place ASEAN under the control of U.S.-Japanese capitalists in a kind of "big fish eat little fish" arrangement and to undermine ASEAN unity through the colonialist policy of "divide and conquer." However, to maintain relations and avail themselves of capital and technology of the United States and Japan as well as the developed capitalist countries in Asia-Pacific, the ASEAN countries have proposed a dialogue based on the formula of 6 + 5, that is, the six ASEAN countries and the five countries of the United States, Japan, Canada, Australia and New Zealand.

The proponents of the Pacific economic community also clearly understand that participation by the Soviet Union and the other socialist countries in this organization will pose an obstacle to establishing the rule of U.S. and Japanese capitalism over the community. As a result, they declared at the very outset that this community is closed to the socialist countries and only consists of the "6 + 5" countries together with South Korea, Taiwan, Hong Kong and, under certain circumstances, China.

The socialist countries deeply understand the enormous strategic importance of Asia-Pacific in the political, military and economic fields. During the past 40 years, these countries have engaged in a constant struggle and made large contributions to reducing the tensions in Asia-Pacific. They have extinguished many hotbeds of war within the region and encouraged the countries of the region to settle issues in dispute through peaceful dialogue.

Today, everyone understands that in order for peace to exist, it is first necessary to reduce and eventually eliminate means of war all together. Peace cannot be peace on the brink of war or peace on the tips of nuclear missiles.

However, peaceful coexistence does not simply mean the absence of war. Permanent peaceful coexistence requires cooperation. Cooperation is not only an element of peaceful coexistence, but is also necessary in order for all countries to develop. In the development of the enormous potentials of Asia-Pacific, international cooperation within the region is even more important for two reasons. First, no country, regardless of how strong it might be, can develop all the economic potentials that lie

beneath the floor of the Pacific Ocean on its own. Secondly, the interests and sovereignty of a number of countries in Asia-Pacific are frequently issues in dispute. On the basis of these realities, the socialist countries do not oppose Pacific economic cooperation, provided that this cooperation does not take place within a bloc that is anti-socialist or imposed by any power. This cooperation must be the result of free discussions without discrimination of any form.

Vietnam is an Asian that lies on the shore of the Pacific. The first thing that the Vietnamese see when they look out to the rest of the world is Asia-Pacific. Everything that happens in Asia-Pacific directly affects the security and development of our people. Consequently, like every other nation in the region, the Vietnamese have constantly struggled for peace and cooperation in Asia-Pacific. Sacrificing their flesh and blood for nearly one-half century, our people defeated the most bellicose aggressor powers of our times. As a result, they have made important contributions to changing the Asia-Pacific situation, bringing this region from one that knew only war and confrontation to the relative peace and stability of today. However, peace is not divisible. Peace and security in Asia-Pacific cannot be separated from peace and stability throughout the world or in the other regions. Nor can peace on this planet today be separated from peace in the "stars." Consequently, the struggle for peace and cooperation in Asia-Pacific is a part of the common struggle by the people of the world for peace, national independence, democracy and social progress.

The experiences of Europe in the struggle for security and cooperation in Europe are very valuable. Of course, they cannot be automatically applied to Asia. However, from the solutions to the European problems of security and cooperation, experiences can be drawn that are in the nature of universal principles which every region can apply. They are: the approach to the issues of security and cooperation among nations, common principles in international relations, such as not using armed force or threatening to use armed force, the principle of peaceful coexistence, etc.

Of course, Asia-Pacific has experiences of its own that Europe and the other regions do not. They are: the resolution of military conflicts by means of peaceful negotiations; the establishment of zones of stable peace and nuclear free zones; the formation of organizations for regional cooperation; the implementation of the five principles of peaceful coexistence and the 10 Bang Dung principles in international relations; the policy of non-alignment, etc. Many countries have made very constructive initiatives and proposals. Among these, mention must first be made of the initiatives of the Soviet Union and India, to Asian countries in which more than 1 billion persons live, and the initiatives of the other socialist and non-aligned countries. If these initiatives are brought forth for discussion, if agreement concerning

them is reached and if they are implemented, the people of Asia-Pacific will surely soon live in peace and security and be able to freely develop their lives.

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From the Books and Newspapers of the Fraternal Countries: The Human Factor of Economic Development and Social Fairness

42100001g Hanoi TAP CHI CONG SAN in Vietnamese
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[Abridged translation, with additional subtitles inserted, of article by T. Zaslavskaya, academician, carried in KOMMUNIST (Soviet Union), No 13-1986, pp 61-73]

[Text] Managing the Social Conditions of Labor Within the Socialist System

Clearly, the only effective management system today is one that takes into consideration and skillfully utilizes the interests of workers.

The management of the human factor today requires diverse and flexible methods, methods that are compatible with local conditions and sensitive to changes. It is absolutely impossible to apply rigid methods once and walk away. Nor can we give light attention to a host of stimulative and "non-stimulative" measures. If we satisfy ourselves with only raising wages or taking administrative measures to prohibit certain kinds of behavior, a significant portion, possibly even the main portion, of the interests of the worker will lie outside the impact of management.

The shortcomings in the human management system that has formed within the socialist system (shortcomings which recent party documents have addressed at great length) and the incompatibility between this management system and the new situation have led to the inefficient utilization of social resources. Sociological investigations conducted in industry and agriculture in many different regions of the country show that less than one-third of workers work efficiently. The other persons, by their own admission, do not work with a full spirit of responsibility and might do more work and better work within the framework of a different production organization.

This and other reasons have led to a decline in recent years in the uniformity of socio-economic development, a decline that has sometimes posed obstacles to the achievement of established targets. In the economic field, a decline in the real rate of growth of production in one sector or another often leads to the lowering of production norms in the next 5-year plan. For example, in agriculture, the 11th 5-Year Plan (1981-1985) projected a total increase in grain output of 13 percent. But, under the Eighth 5-Year Plan (1966-1970), this figure was 25 percent. The real rate of increase in production during that period fell from 21 percent to 5.5 percent.

Clearly, such a development was the result of less than serious planning and the impact of many unfavorable factors. A similar trend is found in the field of the social development of Soviet society.

As stated in the proceedings of the 27th Congress, to overcome, as quickly as possible, the unfavorable trends in the field of economic development and the social field so that dynamism is brought to both of these fields and the means for bringing about true revolutionary reforms are created, the party maintains that it is necessary to gain the participation of the broadest strata of workers in these processes, thereby tapping their energies and initiative. To accomplish this, we must combine the interests of the individual worker with the interests of the collective and the interests of the collective with the interests of society in a thorough and comprehensive manner.

Social Fairness and Social Policy

In the socio-economic field, it is the economic mechanism of economic management and the social policy of the party that permit us to perform this task. The economic mechanism determines the forms of organization, planning and the stimulation of economic activity. The economic mechanism creates the economic interests of each type worker under a given set of organizational and economic conditions. For example, the collective forms of organization and incentives to work cause everyone to be concerned with producing the maximum product at a lower cost. A carefully considered, tested, balanced and strict social policy—this is a strong lever causing the worker to be concerned not only materially, but also spiritually, with the achievement of social goals.

Social policy includes the activities of the party and state in managing the social structure of society, that is, in adjusting the position, relationships and the impact upon one another of the main social groups. The most important of these social groups are, as we know, the classes, nationalities and tribes, the urban population and rural population, manual laborers and mental laborers. Combining their basic interests is the prerequisite to the normal development of society. However, this is not enough to solve today's problems. In fact, the various social groups not only occupy different positions, but also have special interests that must be taken into consideration and be closely tied to the interests of society. This is the objective of party policy.

Among the main goals of the party's social policy, the CPSU program gives priority to implementing the principle of social fairness more fully with each passing day in all fields of social relations. The Soviet people have strongly responded to this. Because, for many years, they have witnessed an increase in many factors of unfairness within the different fields of social life. This is a truly painful reality. Many of the things in everyday life are contrary to the principles of socialism. Some workers have grown indifferent toward social values and goals

mainly because they are constantly confronted with various forms of unfairness in society and recognize the futility of their own personal efforts to combat them. Therefore, the best way to win back the confidence of the masses and tap their creativity today is to launch an attack, not just in words, against the negative phenomena in this field, phenomena which we are fully capable of overcoming given the level of development production forces have attained.

Thus, what is the essence of the principle of social fairness? In the future development of socialist society, socialist fairness will mean the establishment of complete political, social and economic equality among the different social groups, that is, the establishment of an equal position for each. Today, however, we are only talking about socialist fairness. If we want to elevate the role of the human factor in the field of production, it is the socio-economic aspect of socialist fairness that is most important. And, the primary element of this aspect is the thorough implementation of the principle "from each according to his ability, to each according to his labor." Social fairness is, first, encouraging and supporting to the maximum degree possible those groups that contribute the most to social development and utilizing all their energies and abilities toward this end; secondly, it is instituting control by society and economic regulation of the positions of those groups who place their purely occupational, parochial and local interests above the interests of all society and, therefore, impede the development of society.

Clearly, the majority of the persons working within social production are the social base of the CPSU in its efforts to restructure production relations and accelerate development. Although workers, cadres and specialists occupy different positions and although they have a number of separate interests of their own besides the things that unite them, all of them ardently support the acceleration of socio-economic development, which is a prerequisite to rapidly raising the standard of living.

In Soviet society, besides those persons whose entire welfare is tied to social production, there are also persons who are ready to work hard but not under the conditions common to most persons. Rather, their approach is more private... The labor of these groups in the population is usually labor that supports social production. Therefore, society signs mutually beneficial, two-way contracts with them. Because private labor does not require investments by the state, because it poses the risk of losses and because private workers often work more hours than other persons, their average wage clearly must be somewhat higher than the wages paid in social production, in general. However, too great a difference in income per unit of labor compared to the income paid in social production can lead to the emergence of a social stratum which controls too large a portion of social wealth. Therefore, while creating favorable conditions for effective economic activities by the main groups of these persons, that is, private workers, we must closely control their income.

Nor should we close our eyes to and ignore another situation, namely, that some persons view their interests as different than, even in conflict with, the interests of society. It is not surprising that there is today much talk about bureaucrats, persons who clearly do not want to give up their positions. They are systematically impeding and sometimes covertly undermining progressive reforms and continue to place petty, parochial and local interests, or simply selfish personal interests, above the interests of society. There are also persons who seek profit from the underground economy: blackmarketeers, profiteers, hoarders, etc. They take advantage of flaws in the management mechanism to extort the people and the state.

Under these conditions, a resolute social policy is one which demands that a distinction be made between those population groups that actively support the acceleration of socio-economic development and those groups that impede it. Consideration must be given to the effective contributions made by individuals and collectives to improving the welfare of all society. This discriminatory policy will make social policy truly a policy.

The Fundamental Principles of Socialism Under Current Conditions

The gains made by Soviet society from the standpoint of social fairness are obvious. However, the CPSU wants to focus everyone's attention on analyzing the problems that have yet to be resolved. Therefore, in my opinion, it is necessary to establish clear guidelines for achieving greater socialist fairness in the socio-economic field. Which conditions do we need to thoroughly implement the fundamental principle of socialism "from each according to his ability, to each according to his work"?

In order for each member of society to work to the fullest of his ability, three primary conditions must exist:

First, each person in each different social group, each person living in the different territories of the country, in the cities as well as the countryside, must enjoy, in practical terms, the same favorable conditions under which to begin to develop his abilities. This demands a commensurate quality of education at all basic level schools, that the levels of the dissemination of knowledge be brought closer together between the countryside and the cities, between the schools in the capitals and the provinces and that there be equal opportunity for each group of youths to learn a complex and interesting occupation, one that has prestige in society. I do not think that it is necessary to prove how difficult this task is. It is, however, essential that this task be performed.

The second condition that is necessary in order for everyone to work to his full ability is: jobs in social production must be distributed on the basis of the work potential of each person and the quality of each person's work. The problem we face now is that more than 30 percent of the labor in industry and 70 percent of the

labor in agriculture are performing simple manual jobs. This is not consistent with the needs or capabilities of any social group. Reducing the amount of strenuous manual labor that requires little by way of specialization to the maximum degree possible is a very pressing need. But this will also require time to achieve.

Lastly, the third condition is: favorable conditions must be created for all types of workers within social production to achieve high labor productivity.

The conditions mentioned above are related to the first aspect of the fundamental principle of socialism, that is, "from each according to his ability." To achieve the second aspect of this principle, it is necessary, in my opinion, for the following five primary conditions to exist:

First, the wages of all types of labor must be strictly dependent upon the quantity and, in particular, the quality of the labor they contribute, with consideration given to special differences in living conditions in one area or another.

Second, a relentless struggle must be waged to combat illicit income and establish legitimate income levels in private production that are acceptable to society.

Third, we must meet the need for a number of products and not allow these products to be in short supply. Each group of workers must be able to buy each product. The purchasing power of the ruble is equal for everyone. The prices of consumer goods must be compatible with their social value (except in cases in which the difference between price and value is used to meet social goals).

Fourth, the costs of child care, of caring for the elderly and the disabled must be correctly distributed between the state and the people.

And, last, a better relationship must be established between consumer wealth for which payment is not made and consumer wealth for which payment must be made.

The current social policy of the CPSU is embodied in a social program that can be divided into a minimum program and a maximum program. The minimum program, which covers the period of the next 5-year plan, has the objectives of satisfying the most pressing needs of the people, resolving problems that can no longer wait to be solved and correcting the most obvious inequities in the distribution of material and social wealth. The main factors of this program were set forth in the proceedings of the 27th Congress related to the socio-economic development of the Soviet Union during the years from 1986 to 1990.

To increase the activism of the masses in each sector of social production, we must take measures that are more comprehensive, more effective and, at the same time,

more complex, measures which demand careful consideration. When combined, these measures must create what we call the maximum, strategic social program. Its aim is to achieve complete socialist fairness in each field of social life with a view toward creating the conditions for social development of the character. The major directions and features of this long-term program were outlined in the proceedings of the 27th Congress concerning the period between now and the year 2000.

Social Fairness: Three Prospects

The first prospect is closely tied to the reorganization of labor within social production.

Soviet society has an urgent need to make every effort to accelerate the advancement of science and technology, which will surely bring about an important reform in work. Even in the next several years, manual labor that requires little by way of specialized skills will become increasingly mechanized and automated, thus demanding highly developed skills in all fields. Such a change will satisfy, to some degree, the deep need of the worker to perform a job that is more detailed. On the other hand, however, it will also mean that millions of poorly skilled workers will be displaced from the various production sectors.

During the initial stage, the reorganizing of this labor will be easy because, according to current assessments, there are still hundreds of thousands, if not millions, of jobs to be filled. However, from a social perspective, the redistribution of labor among the various sectors, enterprises, occupational groups, jobs positions, regions and municipalities is not without considerable difficulties. This process of in-depth change in labor demands a marked increase in the mobility and the occupational versatility of the worker. It is necessary to truly readjust the attitude of the various groups of workers, who have long been accustomed to a high degree of stability.

The second prospect I would like to mention is closely tied to the need to reform the entire wage policy and the prices of consumer goods and services as well as distribution mechanisms. These reforms are of many different types of workers. Secondly, they are necessary because the prices of many consumer goods are not consistent with their value. Thirdly, they are necessary because there is a lack of precise and sound principles for clearly distinguishing wealth for which payment must be made and, conversely, wealth for which payment must not be made.

Traditional improvements to the wage system have only enabled us to eliminate the most obvious imbalances. Imbalances of lesser importance between labor and consumption have steadily accumulated over the years and have now caused serious changes in this system. Today, therefore, it is necessary to re-examine the entire wage system, not simply adjust parts of this system. And, to accomplish this, we must correctly establish and test in

society ratios among the wages of the main types of workers that are soundly based. On the other hand, we must amass additional financial resources so that we can increase the wages of some types of workers without harming the interests of other types. This reform can be carried out more rapidly and effectively if it is closely tied to the reform of retail prices.

Of course, even in the future, the socialist state, for the sake of social goals, must continue to sell some goods at prices below or above their value. Automobiles, luxury items, wine and hard liquor clearly must be sold at prices many times higher than their actual value. Conversely, books, records and children's toys must be sold at lower prices in order to stimulate consumption and be affordable to everyone.

However, the difference between price and value need not always be justified from a social standpoint. Consider, as an example, meat and dairy products. The retail prices set by the state have long failed to cover production costs. The difference subsidized by the state budget is as high as 40 to 50 billion rubles. As a result, a very large portion of the social consumption fund is distributed not in accordance with labor or need, but in the form of subsidies to population groups that have the ability to buy these products at state stores. Meanwhile, in many regions of the country, shortages of meat and dairy products persist. In the countryside and small cities, commerce activities are conducted primarily by consumer cooperatives. The prices at the stores of these cooperatives are higher. Clearly, it would be fairer to sell meat and dairy products at prices equal to their social value so that each social group is equal from the standpoint of buying these products. Moreover, the fundamental principle underlying the socialist wage system is that the purchasing power of the ruble is the same everywhere. Violating this principle will lead to imbalances in the wage ratios within society among the different types of workers and reduce the effectiveness of material incentives.

The third aspect of the question under consideration here is the need to correctly distinguish between welfare items for which payment must be made and welfare items for which payment is not made. The line between these two must be clearly defined by the socio-economic functions of distribution in accordance with labor and the social consumption fund. In my opinion, the social consumption fund must be used to meet the minimum social need of each and every person for the following welfare items: housing, education, public health, etc. Anyone who uses more than the stipulated minimum amount of these welfare items must pay for what they use out of their own pockets.

Lastly, sociological studies show that redistribution in the current form of free goods and services benefits not the lower income groups, but the higher income groups.

Thus, one of the primary functions of the social consumption fund is to supplement the principle of distribution in accordance with labor, to reduce the "unfairness" of this principle by improving the welfare of those who, despite all their good will, are still unable to work effectively, specifically and most importantly, the ill, the elderly, women with large families and everyone who has not yet reached work age. All these observations appear to show us the need to expand the services for which payment must be made and raise housing rentals, most importantly for workers who earn a higher income and want to enjoy more than the minimum services guaranteed by society.

We must delve deeply into a scientific analysis of the matters presented above, a detailed analysis with attention to all dialectical relationships among them so that no aspect of social fairness is overlooked and the interests of not one social group are harmed. Only by making an effort to resolve all these problems is it possible to increase the activism of the human factor, reverse unfavorable trends and strongly stimulate the socio-economic development of Soviet society.

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From the Books and Newspapers of the Fraternal Countries: Democracy and Human Rights in the West

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[Article by V. Cudriavsev, academician, PRAVDA Newspaper, 3 April 1987]

[Text] "Democracy in the United States is, it turns out, more a myth than a fact"—observed the American scholar M. March. And, he was correct. A total of 4 to 5 thousand persons (.002 of the population) in the United States control one-half of the total of national assets and money on deposit in banks, two-thirds of insurance payments and one-half of the means of communication and transportation. The results of election campaigns depend, to a decisive degree, upon a candidate's financial support. Calculations by many U.S. researchers show that to win a congressional election, a candidate must spend (or his organization must spend) at least 200,000 dollars. To win election to the Senate, 10 times more must be spent. Thus, the following statistic is completely understandable: 20 percent of Senators have personal assets worth more than 1 million dollars. Not one U.S. Senator is black and only two are women. Deserving of attention is the fact that there are fewer women in the parliaments of all the capitalist countries combined than in the Supreme Soviet of the Soviet Union.

But, is it possible that bourgeois democracy guarantees, in a more dependable way, the rights of citizenship, the personal security and the personal freedoms of man? Progressive activists in the West assert that the opposite

is true. The American Civil Liberties Union, for example, observed: "An attack is under way on the entire constitutional system built over the past 200 years."

This is clearly evident in the field of activity of legal agencies. The reliability of judicial activities has been a long held view in bourgeois thinking. These activities have been viewed as the main guarantee of the rights and freedoms of the individual. The current crisis of the judicial apparatus is primarily the result of the loss of these guarantees.

Bribery and corruption have taken root within the courts and the police apparatus. A system for pressuring the courts has come into being. Conspiracy between prosecutors and defenders have become the rule.

In bourgeois legal thinking, the courts of appeal are called one of the fundamental guarantees of the Constitution. However, in recent decades, the functions of these courts have been systematically reduced and their role has declined drastically. Suffice it to say that whereas one-half of all complaints were examined with the participation of judges in Great Britain prior to the war, today, less than 1 percent of civil cases and 3 percent of criminal cases are examined with the participation of judges. The public nature of legal proceedings has also been fundamentally reduced.

The rights of the accused are being threatened by new legal procedures that permit prosecutors to present to the court "evidence" obtained by unlawful means. The U.S. Congress approved this practice in 1980. And, 4 years later, the U.S. Supreme Court upheld it. Illegal searches to obtain "evidence" have become very widespread, especially against persons struggling for civil rights.

Parliamentary principles, such as the need for arrests to be lawful, are also being violated. Nearly 90 percent of the arrests made in the United States are made without the warrants required under the Constitution. According to data of British lawyers, more than 54 percent of the persons detained are detained without sufficient evidence. In an opinion survey conducted in the city of Manchester, 38 percent of citizens stated that the police use violent force against persons who are arrested and beat them. In many capitalist countries, despite international human rights accords, confession by the accused is considered the "best evidence" and to require no further investigation. But, as research projects conducted by progressive British lawyers show, these confessions are obtained, in nearly 80 percent of the cases, at police stations before the accused goes to court...

Allow me to cite two additional figures. During the past 10 years, more than 6,000 Americans have become victims of the police as a result of the unjustified use of weapons. In New York State alone, the bullets of police take the lives of nearly 300 black persons each year. On learning of such things, it is difficult not to agree with the

thinking expressed by Professor G. Durban at the University of California: "The criminal justice system in the United States...has committed many more crimes than it has examined and used more violent force than it has prevented."

Are there violations of the law in the socialist countries? Are there unresolved problems in the fields of upholding and defending the individual rights of citizens and their lawful interests in our country? Yes, there are. There are frequently mistakes in trials, even abuses of authority. However, attention must be given to another point: we are developing and constantly improving the political, social and legal mechanisms necessary for very strict compliance with the law within the country. And, this is an integral part of the restructuring campaign: genuine democracy does not exist outside or above the law. Respecting the dignity and defending the rights and freedoms of the citizen are the constitutional responsibilities of all state agencies, social organizations and authorities.

Recently, work began on drafting the new code of law. This code of law must be more compatible with the developing conditions of Soviet society. It must protect the rights of the citizen more effectively. Primarily, it must prevent anti-social behavior and perform the large social and educational tasks that now confront society. Thought must also be given to measures aimed at heightening the role and prestige of the court, at gaining strict compliance with the principle of the independence

of the courts, at thoroughly strengthening the inspection sections of the organs of control and at improving the work of investigative agencies. Of important significance are the needs to increase the participation of lawyers in civil and criminal verdicts and improve the code of law on reeducation through labor.

The resolution adopted last year by the CPSU Central Committee on "further strengthening the socialist system of law and the rule of law and intensifying the protection of the rights and lawful interests of the citizen" compels the agencies of the party, the soviets and the agencies that defend the law to do everything in their power to heighten the prestige and the adherence to principle of the persons who work in the courts and the organs of control, in the judicial sector and public security agencies and at arbitration agencies and public agencies; to assist those who voluntarily participate in maintaining social order; and to help to disseminate knowledge of the law.

The two opposite directions being taken in the field of human rights—one being to strengthen and develop these rights in socialist society and the other being to go against proclaimed principles in the capitalist world—these are the special features of our times, are further confirmation of the superiority of the socialist system.

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